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ABSTRACT

Transcripts of the 1971 Senate hearings on rural development held in Bowling Green, Ohio are presented in this document. These hearings include statements of private citizens, State and Federal legislators (Ohio, Oregon, and Minnesota), and representatives from: (1) Southern Ohio and Kentucky United Farm Workers Organizing Committee; (2) La Raza Unida de Ohio; (3) Buckeye Power (Columbus, Ohio); (4) Colorado State University; (5) Ohio Cooperative Extension Service; (6) Wood County Department of Welfare (Bowling Green); (7) Ohio Valley Health Service Foundation; (8) Lake State Forestry Cooperative (Duluth, Minnesota); (9) Soil Conservation Service, U.S. Department of Agriculture; (10) University of Missouri; (11) South Central Power Company; (12) College of Agriculture and Home Economics, Ohio State University; (13) Labor and Industrial Relations, Michigan State University; (14) Bowling Green State University; (15) Ohio Farmers Union; (16) Division of Administration on Aging, Ohio Department of Mental Hygiene and Correction; (17) Community, Human, and Industrial Development; (18) Toledo Edison Company; (19) Ohio State Grange; (20) Community Action Commission (Freeront), Ohio State Grange; (20) Community Action Commission (Freemont, Ohio; (2) Ohio Farm Bureau Federation; (22) Ohio Department of Development; and (22) Ohio Bankers Association. (JC)

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RURAL DEVELOPMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT

OF THE

COMMITTEE ON AGRICULTURE AND FORESTRY

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

1. BALANCED NATIONAL GROWTH POLICY
2. NATIONAL RURAL DEVELOPMENT PROGRAM
3. S. 1612, THE RURAL COMMUNITY DEVELOPMENT REVENUE SHARING ACT OF 1971
4. REORGANIZATION OF U.S. DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES

Part VII

DECEMBER 14, 1971—BOWLING GREEN, OHIO

Printed for the use of the Committee on Agriculture and Forestry

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RURAL DEVELOPMENT

TUESDAY, DECEMBER 14, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY
Bowling Green, Ohio.

The subcommittee met, pursuant to notice, at 1:30 p.m., at the University Union Building, Bowling Green State University, the Honorable Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senator Humphrey (presiding).

Also present: Representative Latta.

Senator HUMPHREY. The Senate Subcommittee on Rural Development of the Senate Committee on Agriculture and Forestry will proceed with this hearing.

May I respectfully suggest that those who are in the back of the hall, if they would like to come forward, it may convenience everyone and be of help. You are more than welcome to do so.

I regret that the Senator from Oklahoma, Mr. Bellmon, who had planned on being with us, is unable to attend today. I have asked Congressman Latta of this congressional district to share this stand with me. He has a statement that he will subsequently read as a part of this record to acquaint us with his district and also to express some of his views

STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

I should like to make a very brief statement and then I will include in the text of this record the prepared statement which I have for this particular hearing.

This is the fourth of our hearings outside of the Capital City of Washington. Our first hearings were in the State of Iowa and South Dakota. The next hearings were in the State of Oklahoma and the State of Nebraska. The hearings that followed that were in Alabama and Georgia. And now we are here in the State of Ohio.

We have heard from literally hundreds of witnesses in Washington D.C., before the subcommittee in its official headquarters at the Senate. It has been my judgment that hearings of this nature are better served by taking the hearings in the countryside. We are dealing with problems that affect people's lives and we are dealing with problems that are essentially local in their application but national in their significance. Our Nation has never had what we call a national growth policy, at least since the late 1800's. At one time we had a program or a policy to encourage migration of our people to

populate this land. The extension of the railroad system of the United States came about not merely because of private investment but because of Government public policy. The great areas of plains and the agricultural areas of America were opened by such inducements and incentives as the Homestead Act, the Land Grant College Act, the County Agent or the Extension Act, program of farm credit and gricultural assistance.

In recent years, since the 1920's, there has been an ever-increasing number of people leaving rural America going into the great urban centers. In the last 30 years or 25 years, I should say, 30 million Americans have left their homes in rural America to go to our large metropolitan centers. Those urban centers were not prepared governmentally or financially to absorb this mass migration. And so we have had two evils that have plagued us or two difficulties. One, the compression into urban America with governmental structures, but financial resources inadequate to meet those pressures, and the bleeding of rural America of its young and of many of its enterprising citizens. So that today we find an ever-smaller percentage of the population in rural America and an ever-larger number in urban America.

Over 70 percent of our people occupy less than 3 percent of the land. It is estimated that in the next 20 years 85 percent of our people will occupy about 3 percent of the land. This is neither good public policy nor good social structure. We are attempting, therefore, in these hearings, to get some ideas or some guidelines or suggestions from the people, form local government officials, from State officials, from farmers' representatives, from business and labor people, from academic life, from students, as to how we can better structure American society for the good life or a quality of life.

We have no immediate answers. Quite frankly, there is nothing immediate. But there is an immediate neccessity to try to find some answers. And that is what we are attempting to do. So, today, we will have a number of witnesses representing, first, the State of Ohio in its official capicity and then a number representing the local governments of Ohio, others representing the business and financial institutions of your State, others representing the agricultural organizations of your State, some of them representing community action programs, the labor movement, churches, religious groups, and a host of other groups and individuals.

We have a large number of witnesses. We have some ground rules. We will try to adhere to those in terms of the amount of testimony.

The first presentation that I will ask for is from our Congressman here, and then following the Congressman, may I suggest that the distinguished Governor of Ohio, Governor Gilligan, Dr. David Sweet of the Ohio State Department of Development, and Mrs. Rose Papier, coordinator of the Division of Administration of Aging of Ohio, Department of Mental Hygiene and Correction, come to occupy these chairs and they will proceed then with their testimony.

Now we will hear from Congressman Latta and I want you to know, Congressman, that I am very pleased that you have taken the time to be with us today and I want to thank Bowling Green University at this time for its generosity and hospitality in making these facilities available to us. Proceed, Congressman.

(Senator Humphrey's prepared statement follows:)

Senator HUMPHREY. Ladies and gentlemen, it is a great pleasure for us to be here in northwest Ohio for the fourth in a series of hearings on rural community development. And, of course, we are pleased to have Governor Gilligan with us as our leadoff witness.

I've become an old hand at this sort of thing now. The subcommittee began these field hearings early this year in Iowa and South Dakota. Our next trip took us to Alabama and Georgia. And most recently we went to Oklahoma and Nebraska.

As you can see, we are trying to get a big, nationwide picture of what the people are thinking and doing about the problems of rural America.

And we have found that those problems are enormous, with implications for those who now live in the large metropolitan centers, as well as for those who have been left behind in the countryside.

America is having growing pains. But these pains are a lot more serious than the implications of the ones little children have.

Seventy percent of our people live on 2 percent of the land. That may seem a little silly. After all, why should we impose overcrowding upon ourselves. But that is what we have done. Thirty million Americans have fled the countryside in the past 30 years. It's the biggest migration of human beings in the history of mankind. And, I for one, am not convinced it took place only because some people tend to like bright lights.

We have found in our investigations that for the most part, these migrating Americans were shoved out of their rural homes by economic and social conditions which they could not overcome.

They were forced out by unemployment or underemployment. They were forced out by low-farm prices and income. They were forced out by a lack of adequate community facilities and poor schools. They were forced out by a system which has paid no attention at all to the way this Nation has been developing. Like Topsy, we just grew, and we grew in all the wrong places, like a matron who is losing her figure.

Look at what happened in Ohio. During the fifties, your State was a growing place. People were migrating here faster than to most States, and where did they go? They went to Metropolitan Cleveland for the most part.

But in the 1960's, Ohio joined a number of other States. It became what the demorgaphers call a State of net outmigration. More people left than came in. You lost 125,000 Ohioans to outmigration in the sixties, and 85,000 of these people came from your rural areas—mostly from 17 counties in southeast and south central Ohio. All of those 17 counties were rural counties.

Even up here in a portion of the State which is considered to be good farm country, these counties are barely holding their own, despite the industry you have been able to attract. There are 300 marginal farmers in this immediate area. Will these families be able to remain here and make a living? I doubt whether a conscious decision has been made about this in either direction.

I am a strong advocate of a viable, economically sound farm base in rural America. That's the foundation upon which we must build real rural development.

But rural America, and rural Ohio are not just farmers. Farm people represent only one-sixth of Ohio's rural population.

And, nonfarm rural people from Ohio and all across this country have little voice or political muscle in Washington. In addition, they have less and less voice as the application of the one-man one-vote law moves political representation more and more into the metropolitan suburbs.

But whether or not the American countryside has the political clout, it is the wellspring of most of our national growth problems, and you don't stop a flood downstream. You have to go to its source at the headwaters.

There are those who will say that rural to urban migration is over. I say it is not. There are still 600,000 people a year making the trip.

This is a prosperous area. Family incomes are high. You are close enough to the big cities, but not too close. But you know that with unplanned growth this part of Ohio could be swallowed up into what is now Metropolitan Toledo if growth is uncontrolled.

There are 100 million more Americans expected in this country in the next 30 to 40 years. The chances are that most of them will live in the metropolitan centers, and you, my friends, here in quiet Bowling Green, could become a part of a vast city that stretches from Milwaukee to Chicago, to Detroit, through Toledo and Bowling Green and on to Cleveland.

We must plan now, at all levels of government for a balanced national growth. And that's why we are here today.

Now we want to make a good record with these hearings, and so we have invited many people to testify. Our ground rules are simple, and must be followed. Witnesses will be called to appear in groups, with each individual being given no more than 5 minutes each to orally summarize his written statement which will be inserted into the hearing record as if read. Both the oral testimony and written statements submitted here today will be carefully read and analyzed by the members of our subcommittee and staff.

STATEMENT OF HON. DELBERT L. LATTA, REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF OHIO

Mr. LATTA. Senator, first of all, let me say I am highly honored by your invitation to join you here this afternoon. Let me point out to my good constituents out front that I am not about to announce for the Senate. I kind of like my job in the House.

Let me say I am pleased to welcome you and your subcommittee staff to our district. I am sorry that Senator Bellmon could not be here. A couple of years ago he visited our district and we were delighted by his presence.

I am pleased over the reason that you gave in your December 8, 1971, news relaese for coming into our area to hold these hearings. The reason stated was that our area was beginning to show strong signs that it had reversed the trends that have displaced 30 million rural Americans in the past 30 years and that you were anxious to find out the secret so that you could do whatever possible to curtail the flow of rural people to our overcrowded cities and permit them to ramain at home.

It is true, gentlemen, that people in northwestern Ohio like living here and have not been forsaking their homes for our more urban

centers. Population figures for our area do reflect the fact that they run counter to the national trend for rural America. The question is, why haven't our people been moving to the cities? That question could probably best be answered by asking, why should they?

You probably noticed coming in from the airport—despite the bad weather—that we live in what has often been called the "Garden Spot" of the Nation. Living on this rich soil in northwestern Ohio, are some of the friendliest, best educated, most energetic and deeply dedicated people you will be privileged to meet anyplace. Today you have met many of them.

These hearings are being held on the campus of one of our finest and fastest growing State universities. Our people are proud of its administration, its faculty, and its student body. It has played and is now playing an important part in keeping them from rushing to the cities.

In the interests of time, let me turn quickly to some amazing statistics on our congressional district. Yes, our district is predominantly rural. The total population of the district as presently constituted was 354,537 in the 1960 census. Today, it is 398,208 for a 12.3-percent increase. Our population in places having less than 2,500 inhabitants has increased from 222,880 to 235,420. We had 17,396 farms in the fifth Congressional District in 1960; today we have 15,565. However, we have had a 16-percent gain in the size of our farms.

This is up from an average of 142 acres to an average of 164 acres. In fact, we have more acres under cultivation today than we had in 1960. Our total land in farms has gone from 2,456,336 to 2,545,073 acres.

Our unemployment figures are well below the national average, and many of our large and small industries have the "help wanted" signs out, particularly for skilled workers. The county by county unemployment figures are as follows: Defiance, 4.7; Fulton, 4.8; Henry, 5.3; Ottawa, 5.0; Paulding, 3.7; Putman, 4.3; Sandusky, 4.3; Van Wert 6.6; Williams, 4.7; and Wood, 4.3. A part of Lucas County is in this district and it has a 5.4 figure.

Since we are so deeply involved in agriculture, many of these unemployed are migrant workers who have chosen to stay in our area rather than return to their homes. They not only have added to our unemployment figures but they have place a real burden on the schools, hospitals, welfare, and other local governmental agencies. I might interject at this point that additional Federal assistance is needed by many of these agencies if they are to continue to dispense the services they have been dispensing in the past.

Our area has been able to attract and keep some of our Nation's largest companies. In fact, if Congressman McCulloch will permit me to look 8 miles into his district, we have in northwestern Ohio plants of all three of the large automobile producers. We have several of the Nation's largest food processing companies located in our district. In fact, I could not begin to mention all of the hundreds of smaller companies located here. For the interest of your subcommittee, let me say that all of this just did not happen. Practically every community—large and small—in our district has an active group of civic-minded citizens constantly working to secure new industries and new jobs.

We have two multicounty vocational educational schools located in our district traning young people in dozens of skills to be used by these industries. In fact, one of our larger employers cited the availability of these highly trained graduates from one of the schools as a primary reason for locating here. We have all the transportation facilities necessary to attract new industries—including access to one of the busiest ports on the Great Lakes. I could go on and on telling you about our district and what has helped us stem the tide of migration to the overpopulated cities. Let me offer a couple suggestions for attracting even more jobs—and in turn more people—into our rural areas.

First: More money and less redtape for small communities in rural areas to secure Federal assistance for water, sewer, hospitals, parks, schools, and other local needs. Industries and jobs do not usually locate where these basic needs are not being filled.

Second: Industry must be given added incentives for locating in rural areas. Since all companies must make a profit to exist, tax incentives and low-interest long-term loans will appeal quicker than most others.

Third: We must expand the services and provide sufficient appropriations for FHA and SBA. Senator, I could go on and mention other Government programs but I feel that we have some witnesses here this afternoon that might want to touch on other areas, and I want to say that I appreciate the opportunity to make this statmement for your subcommittee's record, I want to commend you for the leadership that you are showing and have shown in the past in rural development and I am particularly concerned about the bill that you and your subcommittee have already recommended to the full committee.

Senator HUMPHREY. Thank you very much, Congressman.

The Congressman refers to a bill that is know as the Consolidated Rural Credit and Development Act, also know as the Rural Development Bank Act. It relates very much to the testimony that he has given, particularly as to financing needs and the long-term financing at low interest rates. This bill, by the way, is the product of our hearings. It has 50 cosponsors. It is bipartisan. And it is the result of a number of recommendations that we have received around the country. And I would commend it to the audience and to those that are listening for your study and for your observation. We will welcome any of your critical analysis as well as your suggestions for improvement of the provisions of the bill. We will welcome any of your critical analysis as well as your constructive criticism. Might I add also that when I mentioned my thanks to this university, one of the reasons we like to come to a university—we have done this in other States—is that the matter of national growth policy, where we are going to live, how we are going to live, what kind of a life we are going to have, I think relates directly to what students are concerned about, what a university is all about, and it is a good place to get some thinking on it because we have two choices. We can either let things take their way, go their way, which means trouble, deterioration, or we can set a course in the sense of direction which probably requires a little stamina and some self-discipline as well as a matter of policy and direction, and then maybe we can build a better life.

So we are engaged essentially in hearings on national growth policy, how to make our growth better balanced, how to make it, I think, much more wholesome atmosphere, environment, in which to live.

We now will listen to, and we have the privilege of hearing from the Governor of this State and members of his administration.

Governor Gilligan and his associates are here. We welcome them to the witness stand.

Might I say while the Governor is approaching that we have some ground rules that I mentioned which I hope to have followed meticulously following the Governor and the State's presentation. Witnesses will be called to appear in groups with each individual having no more than 5 minutes each to orally summarize his written statement. That written statement will be inserted into the hearing record as if read. Both the oral testimony and the written statements submitted here will be carefully read and analyzed by the members of our subcommittee and staff.

We have a good staff. Mr. Thornton is here with me, a former executive of the Department of Agriculture. We have economists and we have people that are knowledgeable in the field of sociology and environmental problems

These staff members are professionals Their duties are to analyze the testimony from each hearing. to summarize that testimony for Members of the Senate, for the full committee and the subcommittee and at the time of our executive hearings, to make the analysis available to us so that we can receive benefit from the observations which are made by the witnesses.

Governor, we want to welcome you and thank you for your invitation to come here.

VOICE FROM FLOOR. Question from the floor.

SENATOR HUMPHREY. No. We are having witnesses first and we will come to that later on. We have the Governor of the State of Ohio, Governor Gilligan, and Mr. David Sweet and Mrs. Rose Papier and we will listen to the distinguished Governor now and we welcome you and thank you very much for your presentation and for your participation.

STATEMENT OF HON. JOHN J. GILLIGAN, GOVERNOR, STATE OF OHIO, COLUMBUS, OHIO

Governor GILLIGAN. Thank you very much, Senator, Representative Latta, and ladies and gentlemen.

I do have a prepared statement. I know we are running on a tight schedule. I will try to summarize it, therefore, and leave the full text of the statement for the record for the later perusal of your staff people and members of your subcommittee.

I would like to begin by thanking the distinguished Senator from Minnesota for bringing his subcommittee to Ohio and I want to thank as well Congressman Latta for participating in these hearings.

These hearings that have been conducted through out the United States are a welcome relief to a public that all too often feels that it has no voice in Government decisions made in Washington.

Personally I appreciate the opportunity to appear before you today to discuss the problems of rural Ohio and what my administration is doing to help in its development.

Ohio with its many large cities is often thought of only as an urban State. This is understandable but wrong. Despite our reputation as an urban State, six out of 10 Ohio counties have a greater rural population than urban.

In fact, over 2.6 million Ohioans live in rural areas, giving Ohio a rural population which is more than the total population of over half of the States.

In short, Ohio really is a microcosm of the whole country, with very substantial rural as well as urban and suburban areas. And as the diversity of America is matched in Ohio, so too the problems of America are the problems of Ohio—including the problem of our rural areas.

Seventy-five percent of Ohio's rural counties experienced a net outmigration between 1960 and 1970. Most of the people leaving the rural areas moved into our central cities. And because of the current recession, the cities have not been able to provide adequate job opportunities for these rural migrants, especially for the majority who are in the lower skill categories. The irony of this situation is that it was job opportunities that led most, if not all, of these people to come to the cities in the first place.

The mechanization of agriculture and the growth of agribusiness have narrowed tremendously rural employment opportunities in farming. In addition, the rising burden of property taxation has become increasingly intolerable to family farmers, and certainly contributed to the disappearance of over 9,000 farms in Ohio in the 5 years from 1964 to 1969.

The cities seemed the most promising job market for the rural inhabitants facing shrinking employment opportunities. Now they have arrived in the cities and they find there are no, or very few, jobs available. The scarcity of low skill jobs in the cities is not due only to the recession. Due to a combination of factors, industry over the last decade has been abandoning the cities and heading for the suburbs at an accelerating rate, and thus creating severe additional employment problems, especially for those, like the rural migrants, who are in the lower skill categories.

The lack of employment opportunities in rural areas is thus an urban problem, too, because with a recession and industrial relocation in the suburbs rural migrants become urban unemployed, thus adding to the burdens of the cities. To solve this problem requires the revitalization of rural areas as places of employment opportunity and economic well-being.

I am confident that with the present and steadily growing interest and concern for the environment and for getting away from the smog and pollution, frantic pace and traffic jams of the cities, many people would like to stay in, or move to, more rural areas if only there were job opportunities for them. And there is the potential for such opportunities in rural Ohio.

I think that through the proper use of Federal, State, and local resources, we can provide employment opportunities—whether in farming, manufacturing, tourism, or other service industries—outside of our large metropolitan centers.

As a first step at the State level, I offered a budget proposal last March which contained the most far-reaching program of tax reform in the history of this State. The thrust of that program was to shift the revenue base of the State away from regressive and unfair property and sales taxation and toward establishment of a State income tax based on the fundamental principle of ability to pay.

Included in that program was a provision for a mandatory property tax rollback totaling some $410 million. This rollback would have lifted a substantial burden from the shoulders of Ohio farmers and would have aided in halting the decline in Ohio's family farm population.

Both a property tax rollback and a State income tax were strongly endorsed by the Ohio Farmers Union and the Farm Bureau.

As you know, last Friday evening the legislature finally enacted a permanent State budget and tax program for the biennium. The bill approved Friday includes both a property tax reduction and a State income tax.

And although the property tax reduction is not as great as I recommended, it should still offer some relief to overly burdened farmers and other property owners. In addition to these tax reform proposals, I recently endorsed amendments to the tax bill enacted by Congress which would provide a 10-percent investment tax credit for businesses expanding or locating in rural communities with a declining population.

In testimony before the House Banking and Currency Committee I had originally called for a 25-percent credit, which substantially exceeded the Nixon administration's original proposal of only 7 percent. I still believe that a 25-percent credit would be best, but I agree that 10 percent would provide some additional impetus for rural development.

The adoption of an investment tax credit will also help us implement a new rural selective development program. Dr. David Sweet, director of the Ohio Department of Development, will go into the details of the program later, but essentially it is a program of State technical assistance to rural areas helping in establishing their industrial development programs.

In addition, we have effected the expansion of the U.S. Department of Agriculture's food stamp program, so that for the first time, food stamps are now available in all of Ohio's 88 counties.

As of December 1970, only 82 counties were involved in the food supplement program. The six counties recently added to the program—Pike, Union, Jackson, Highland, Brown, and Preble—are all in rural Ohio. The food stamp program also was expanded in the 23-county northwest Ohio area to help the area's economy and provide better food supplies to the area's large migrant population.

In addition to improving the nutrition of low-income people and helping provide for a more orderly distribution of farm surpluses, this food stamp program has brought more than $74 million in new money into Ohio during the first 9 months of 1971.

In all, $127 million was spent for domestic food at local grocery stores through the program in the January-September period.

We have also been working to give greater assistance to Ohio's farmers: Our agriculture department is in the process of installing a livestock and grain reporting system to give immediate reports to farmers over a direct telephone line to the department.

This instantaneous crop and livestock reporting system was made possible by combining Federal funds with expenditures already being used in the printed daily reports.

All you have to do to get the report is pick up your phone and place a toll-free call on an 800-watt line to the agriculture department.

I am also supporting the creation of uniform multicounty State districts for the improved planning and delivery of State government services.

Uniform State districts will enable local officials from rural areas together to work more effectively with State agencies toward the solution of common problems. Because of their size, these districts also allow for the professional staffing necessary to compete successfully for Federal funds by expediting State and local grant applications.

For years, Ohio has been receiving less than its proper share of Federal grant money. I might say to you, Senator, that in the last full year, 1970, Ohio on the basis of per capita distribution of Federal funds in all program areas, was tied for 49th position among the 50 States. That is something we hope to improve a little bit in the years ahead.

Partly, this is due to the State's failure to appropriate the State funds needed to trigger Federal matching grants.

For example, if we in Ohio taxed ourselves at just the national average in State taxation—not high, not low, just average—we would have brought into Ohio an additional $379 million in Federal funds last year, $379 million.

Another obstacle to obtaining Federal grants is simply a lack of information and expertise about Federal programs on the part of localities who would in fact be eligible for Federal funds. We expect the uniform distributing plan to be of substantial help in eliminating this obstacle. The districting plan will also make possible the pooling of regional resources needed for planning and the effective administration of programs; but keep the necessary staffs close enough to the district to be knowledgeable and concerned with the particular needs and interests of the local units of government in the district.

In my judgment, a State which is going to expand as rapidly as ours in terms of population by the year 1980, we have to have a carefully planned development of our land and our water resources. It would be absolutely necessary to the more effective use of our human resources.

These results of uniform State districting are especially important for rural areas which in the past have not been able to provide the kind of professional staff often available to metropolitan areas. In sum, this plan will give the people of each district a greater opportunity to guide State services to best meet the needs of the people of that district, thus bringing State government in Ohio closer to the people it serves.

These examples of State action are, I hope, clear indication that this administration intends for Ohio to take a strong leadership position for the first time in assisting the economic development of the State's rural areas.

But no level of government is going to solve the problems of our rural areas by itself. We need a partnership of State, local, and Federal Government, where each level contributes the resources it is best able to provide.

At the national level, for example, the Allen substitute amendment to the rural revenue-sharing bill, endorsed by this subcommittee show great promise toward providing financial assistance—well-suited to the capacities of the Federal Government—financial assistance needed for planning and public works construction.

Beyond specific proposals, we greatly need a national growth and development policy, a policy that includes plans for workable and efficient delivery systems such as we have in the Appalachian regional development program—in short, a national policy, and the means to implement it.

And I am confident, Senator, that the hearings which your subcommittee has been conducting in various areas of this country will provide to your colleagues in the Senate, the colleagues of Representative Latta in the House, the kind of information which will lead to the adoption of a national growth and development policy and I am grateful to you for this opportunity of appearing before you today.

Senator HUMPHREY. Governor, we want to thank you. May I indicate that the revenue-sharing proposal that you alluded to, the substitute amendment proposed by Senator Allen, to the rural revenue-sharing bill does provide as you know, for substantial direct assistance to the multicounty planning units that you referred to in your testimony. Likewise, the rural development bank works through the multicounty planning district as an agency for the purpose of financing local developments, both industrial, commercial, and what we call public. So we believe that these two measures are on target with some of the new developments at the State levels for rural development plans. Might I ask you—you have your associate here, Dr. Sweet. Is Dr. Sweet's job primarily rural development or is it total economic devleopment across the State?

Governor GILLIGAN. It is total economic development but up until now we think that the increment of rural development has been almost totally neglected. Almost all of the efforts of the State heretofore have been in terms of industrial production development largely in the great metropolitan centers and we think, indeed are determined, that there will be a more balanced program for the development of all areas of the State rather than what has gone on heretofore.

Senator HUMPHREY. Congressman Latta, do you have any questions you would like to place to the Governor?

Mr. LATTA. Governor, I want to thank you for the statement. I appreciate that. I especially appreciate the recommendation that we have a 25-percent credit rather than 10 percent. I think it would be a little bit difficult to sell in a nonrural dominated House and Senate.

What do you think about that, Senator? Do you think we could sell 25 percent?

Senator HUMPHREY. It is a difficult one but I happen to think if we are going to get the kind of industrial economic development in rural America that we need there has to be a substantial incentive. I believe this is what the Governor has pointed out for us but that figure may be a rather large one.

Governor GILLIGAN. I, as a matter of fact, in making the proposal to the Banking and Currency Committee, included some of the inner city economically depressed areas as well as rural depressed areas but I felt when we were in the habit for a great many years of granting 27½ percent depletion allowance to the oil companies for the development of those great natural resources of reserves of oil in the proper

economic development, a balanced program of economic development might require that kind of incentive at the Federal level to at least cause our industrial people to take a good look at the possibilities of spreading that development out into the rural areas. And also in our judgment, there is even part-time employment available, will enable many more of these family farms to survive. The man or someone else in the family have a secondary source of income. The kind of rural life which they really enjoy and want to have for their children again will be an economic possibility but today it is not and it is just a shame it seems to me, in all parts of Ohio, especially down in the Appalachian country, you see an enormous outmigration of people. Not that they do not like living where their families have lived for generations. They would do anything in the world to go on living there, raising their children there if they had a way of surviving and I think we have got to come up with some new methods of providing that means of survival, too.

Senator HUMPHREY. Sixty-three percent of the people surveyed, in the survey, said they would prefer to live in moderately sized towns or rural areas and when asked why they came up with the answer you have just given; namely, that the economic opportunities did not seem to be there as well as some people thought the educational and cultural advantages. So what we are trying to do is find those incentives that will lend some equity or equilibrium in this equation.

We did pass in the Senate, as you know, Governor, the item that you referred to, the 10-percent investment tax credit. Senator Pearson, of Kansas, who is very active in this area, myself and others, we joined as cosponsors and were able to get it passed. The House, however, in the final analysis in the conference in its committee on the tax bill, eliminated that. I think that was most unfortunate.

However, there is in the language of the report considerable emphasis upon the investment tax credit as an incentive for industry to move into rural areas but I do not believe the 7 percent is anywhere near adequate. I think that does not really involve an incentive of sufficient size.

A thousand counties lost population in the last census. A thousand rural counties out of 3,000 That is one-third A thousand held their own and about a thousand had modest increases; 600,000 outmigration of people every year from rural America into the cities. Yet, we were running at the rate of about a million. Now it is down to about 600,000. So it is perfectly obvious that the balance is not there yet. The incentives are not there. And I mention the word incentives because that is what it took to get people here in the first place. That was the whole idea. From the Northwest Ordinance into the days of the Homestead Act, it was always the incentive principle.

Dr Sweet, do you want to followup here the Governor's testimony here now?

STATEMENT OF DR. DAVID C. SWEET, DIRECTOR, OHIO DEPARTMENT OF DEVELOPMENT, COLUMBUS, OHIO

Dr. SWEET. Yes. Thank you, Senator Humphrey.

First, as Development Director of Ohio, let me convey to the subcommittee my sincere appreciation for this opportunity to come here today to discuss the development problems of our rural areas.

I think we all recognize the importance of the task that you have undertaken and its significance to the rural inhabitants in Ohio and the Nation.

In the past, rural development has been an "attic issue" in Ohio as, I am sure, it has been in other States. It has been put aside, or stuffed away, inadvertently perhaps, because most of our problems were thought to be in the urban centers of our State. In fact, I think this was so much the case that the term development, for the past 20 years, in the absence of any other definition, has been construed to mean urban development * * * development of our large, concentrated, growth centers.

But during these same years, our State began to suffer from the structural changes basic to the decline in mining and agriculture which began to take place, in our rural areas but were not compensated for by any increase in industry and commerce. The urban portions of our State were experiencing rapid growth, and industries, determined that our rural areas were economically unsound, became concentrated around our growth metropolitan areas. Although the overall economic condition of the State was steadily improving, the economic wealth being generated by these new industries was becoming as concentrated in the urban areas as the industries themselves. As the economic decline of the rural areas progressed, and the disparity of wealth between the urban and rural areas increased, the rural population, attracted by the wealth and opportunities of the urban areas, began migrating into our large metropolitan centers and produced, perhaps, the greatest mass rural outmigration that our State has ever experienced.

Finally, today, I think we are beginning to realize the importance and the impact of this unplanned, and unbalanced development. The problems of our urban areas are well known * * * overcrowding, poor housing, poverty, pollution * * * and these problems have been sounded many times. But the rural areas of our State have suffered tremendously also, and it is evident that these areas can no longer be left to fund for themselves. It is past the time for taking this problem off the shelf and dealing with—it squarely. Most importantly—and some have disagreed with me—it is not too late to help. It is evident to me that no rural community must die, unless, of course, they decide to do so. This administration is determined to provide assistance to residents of rural Ohio so they, too, can share in the benefits of economic growth.

There are rural areas in Ohio that are severely depressed. Last year, for example, the 28 counties which comprise the Appalachian region of our State had an unemployment rate nearly twice as high as the overall State average. There is a critical shortage of jobs, medical services, schools, and hospitals in these areas.

Senator HUMPHREY. What would you say is the number of counties in that particular area that you described?

Dr. SWEET. There are 28 counties in the rural Appalachian parts of our State and there are in addition to that, approximately, I would say, 30 counties which also are deprived in a basically rural area of our total land area in Ohio.

Senator HUMPHREY. Do you call the Appalachian county areas what you might call depressed areas?

74-041—72——2

Dr. SWEET. Yes. It is all part of the 13 State Appalachian region which was designated by Congress and is comprised primarily in Ohio of the southeastern counties in Ohio.

Senator HUMPHREY. The coal—is that the coal-mining areas?

Dr. SWEET. Coal; yes.

Governor GILLIGAN. Along the four Ohio rivers. About two counties deep. All the way to Cincinnati.

Dr. SWEET. The county, as a matter of fact, just east of Cincinnati is in the Appalachian area.

Senator HUMPHREY. What is your unemployment there now?

Dr. SWEET. We have unemployment levels in these areas that reach 15 percent and I think more importantly, is that in certain age groups you have unemployment rates that are in the 30-percent bracket or 40, and this is—some of the statistics that are hidden in our statistics that are provided in the summary scale. You do not get into the structural unemployment that results in various ages.

Most importantly, the alternatives that face rural communities are limited, nonexistent, or so expensive that they cannot be implemented without the help of outside resources. Many rural communities do not have the resources, labor skills, of the available utilities and services, that are generally the necessary elements for economic growth. Furthermore, only a few of these communities, if any, has what could be construed as an action oriented economic development program.

This is where rural communities in Ohio stood for basic aid and these were the basic problems we faced a few months ago when we initiated a program designed to accelerate economic growth in Appalachian Ohio. We received funding for this part of our selective development program through the Appalachian Regional Commission for a 1-year period beginning in October of 1971. It is though this program that we hope to cure some of the ills that have developed in our rural communities during the past 30 years. We do not think that this pilot program is a panacea for all the problems of rural Ohio, and we do not offer it as such, but we do believe that with our active support, the rural communities will have before them the opportunity for a normal and healthy economic life.

The selective development program is designed to provide the people of Ohio with a practical economic development program that will accelerate economic growth in southern Ohio and eventually all of rural Ohio. By using the power of a computer, we can match regional characteristics and resources with the requirements of industries and produce a list of industries and firms which are best suited for locating within a particular region of Appalachian Ohio. An important feature of this phase of the program is the involvement of community leaders who actually choose the type of industries they feel desirable for community growth.

The output of the computer program would be used in two ways: (1) high priority industries would be pinpointed to receive prime attention in a selective development program permitting maximum expected return for each industry-recruiting dollar expended; and (2) lowest priority ranks would reveal the types of resources which are least available or underdeveloped in the subregion. Once cost estimates for acquiring or developing these resources are obtained, the program can be modified to simulate the effect new investment

dollars in resource development would have in upgrading the area to an acceptable developmental level. This close involvement in the planning process provides a meaningful exposure to community leaders as to the harsh realities underlying community development and economic growth.

We have also undertaken an extensive study of the industrial and community decisionmaking process to determine and assess any hidden factors which affect industrial location decisions as they relate to rural Ohio. By blending the results of the decisionmaking study and the output of the computer program we have developed an intensive economic development guidance and marketing program that is selectively tailored to the strengths and needs of individual communities. We believe that this "partnership with people" is the key and vital element in accelerating economic growth in rural Ohio.

Currently, this program is limited to the 28 southern Ohio counties which together make up the Appalachian Region of our State. We are, however, drafting a proposal to be submitted to various State and Federal agencies which will allow us to expand this program throughout the entire State of Ohio. In addition, we are proposing a set of uniform State planning districts which the Governor has discussed, through which all State agencies will be able to admister their programs more efficiently. By combining the uniform State planning district concept with our selective economic development program, we not only increase the accessibility of State services at the local level but also have greater capacity of implementing economic development programs where we can realize maximum benefits from the investment of public and private dollars.

Healthy economic growth in the State of Ohio is viewed to be a process where economic development is composed of two main components; urban viability and rural vitality. I have submitted for the record, more specific descriptions of our rural economic development efforts in the State of Ohio.

And I appreciate this opportunity of summarizing this statement here today.

Senator HUMPHREY. I want to thank you, Dr. Sweet, and we will include in the body of testimony the documents in support of the testimony of Dr. David Sweet. These are excellent documents that will be available to our subcommittee. We appreciate them. This describes the program that you have here for the economic development as well as the structure for it.

(The documents referred to follow:)

STATE OF OHIO DEPARTMENT OF DEVELOPMENT, (POWER AND DUTIES)

Section 122.01 of the Ohio Revised Code reads, "The Department of Development shall develop and promote programs designed to make the best use of the resources of the state so as to assure a balanced economy and continuing growth for Ohio and for such purpose may:

(a) Assemble and disseminate information concerning the resources of the state and their availability for the development of industrial and commercial activities;

(b) Prepare and activate plans for the development, expansion and use of the resources of the state;

(c) Cooperate with federal, state, and local governments and agencies thereof in the coordination of programs to make best use of the resources of the state;

(d) Encourage and foster research and development activities;

(e) Serve as the state planning agency and may receive and accept grants. . . contributions of money . . . for performing the functions of a state planning

agency and for providing planning assistance to political subdivisions or county or regional planning commissions of this state.

In accordance with the aforementioned charge, the Department of Development is currently administering an Economic Development Program to Accelerate Growth in Appalachia Ohio. The Department is also drafting a subsequent proposal which will expand this program to include rural areas throughout the state.

Following is a brief description of these programs designed to promote a more balanced economy and to insure continuing economic growth in the State of Ohio.

PART I—ECONOMIC DEVELOPMENT PROGRAM TO ACCELERATE ECONOMIC GROWTH IN APPALACHIA OHIO

General Description

The program consist of a two phase effort to analyze the nature of the economic development problem as it exists in the twenty-eight Appalachian counties and to institute specific countermeasures to deal with the problem. The findings will be utilized in developing an intensive development guidance program for Appalachian Ohio focused on the three target communities of Portsmouth, Steubenville, and Zanesville.

Phase I.—Problems Analysis, includes two distinct efforts:

1. Application of a computer-based Regional Industrial Allocation Model (RIAM) to the specific problem of industrial location in Ohio Appalachia.

2. An in-depth study of industrial and community decision making to assess "hidden agenda items which influence industrial location decisions as they relate to Appalachia."

Phase II.—Is an intensive program of guidance in the economic development of Ohio Appalachia with special emphasis on the growth centers of Portsmouth, Steubenville, and Zanesville. The developmental guidance program will incorporate the output of the RIAM and the decision making analysis as a basis for development and marketing programs that are selectively tailored to the needs and the strengths of communities in Appalachia Ohio as well as pointing out specific problems which must be corrected before overall economic development can be achieved.

The Regional Industrial Allocation Model: (RIAM)

This model will be adopted to the twenty-eight county Appalachian region of Ohio. The model (see Figure 1) utilizes data on four major variables: (1) Markets; (2) Suppliers of Raw Materials; (3) Transportation; and (4) Labor Force. These variables relate to industry in terms of industry requirements and to the Appalachian sub-regions in terms of sub-region resources, which are developed in matrix form in the mode. The algorithm operates on the matrices to produce a rank ordering of potential industries. This ranking scale would be used in two ways: (1) High priority industries would be pinpointed to receive prime attention in a selective development program permitting maximum expected return for each industry-recruiting dollar expended; and (2) Lowest priority ranks would reveal the types of resources which are least available or underdeveloped in the sub-region. Once cost estimates for acquiring or developing these resources are obtained, the model can be modified to simulate the effect new investment dollars in resource development would have in upgrading the area to an acceptable development level.

The Community and Industrial Decision Making Study:

This effort will examine the psychological factors that underlay locational decisions made by industry, economic development groups and community leaders. The study will employ the personal interview method to isolate the qualitative and judgemental factors in locational decision making. A representative sample of communities will be selected for this phase of the research. Interviews will concentrate on business and community leaders. The results of decision making study will be added to the qualitative input of the RIAM and will be utilized to implement the intensive developmental guidance program in the target communities.

Intensive Economic Development Guidance Program:

Through short term (nine months) on the spot counseling and staff assistance, community potential for development will be upgraded.

Working on virtually in-residence capacity the staff will, in concert with local leaders, development groups and representatives of the media, public and private sectors, develop a program for economic development tailored to the specific characteristics and needs of the community.

The program will utilize the specialized information produced by Phase I of the study in conjunction with manpower and facility inventories, tax and environmental counseling to be developed as part of an economic developmental guidance program. In order to successfully implement this program local Appalachian Ohio community groups will be an integral part of the decision making process on industry selection for their area. To accomplish this objective, periodic working seminars will be scheduled with local development and community groups to explain the demonstration program, the RIAM and most important, how to market the finished product of the program to capture their share of industries relocating or expanding in Ohio. The purpose of Local Involvement is twofold: (1) There is the obvious feature of educating local development groups to a new technique of economic development such as the Selective Development Program; and (2) The seminar and working sessions with local development groups will give them a better understanding of the problems facing the economic development of their community and region.

This program would provide a simple but meaningful exposure to the problem of comparative cost advantages between regions and industries. At the same time specific examples of noneconomic behavior in decision making will be used to give a deeper understanding to the plant location decision process. This procedure will make these groups more cognizant of industry requirements and provide a more thorough understanding of the importance of infrastructure in economic development. (see Figure 2) The recognition of any need change will be made jointly by local people and state government. Thus, the impact of the Intensive Economic Development Guidance Program will be much greater in a partnership where local decision makers in Appalachian Ohio operate on an equal level with State government. A positive spin-off from this seminar program will be the development of local human resources and the enrichment of private initiative.

Objectives to the Research and Demonstration Effort

The objectives of this project will be to: (1) determine the types of industrial development most likely to occur in Ohio Appalachia and (2) get a better understanding of what factors both industrial and developmental leaders feel are important and which influence location decisions, (3) to actually use the above program to influence development activities and stimulate the growth of the three target communities and accelerate the economic growth of Appalachian Ohio.

The Relationship of This Report to The Ohio Appalachian Plan

This project is definitely related to three of the research projects listed in the existing Ohio Appalachian Development Plan and also is closely related to the new general objectives of the Ohio Department of Development. Relating to the existing plan the project relates to the following.

1. It is aimed at increasing the economic assets of the region in giving special attention to maximizing the assets which the region already possesses.
2. It is based on the general concept that almost any kind of positive action for improvement, whether it be attracting growth from outside or making better use of existing potentials, depends on the community leadership.
3. It will determine the industrial service facilities and other economic development opportunities which might have specific development advantages for the individual areas.

In addition, this project will also be closely correlated with the new objectives of the Department of Development which includes:

1. Eliminating the long-term decline of Ohio's economic position relative to the national economy.
2. Promoting a more even spread of economic prosperity throughout Ohio.
3. Controlling the negative side effects which are the result of unplanned industrial growth throughout the state.

FIGURE 1

REGIONAL/INDUSTRIAL ALLOCATION MODEL

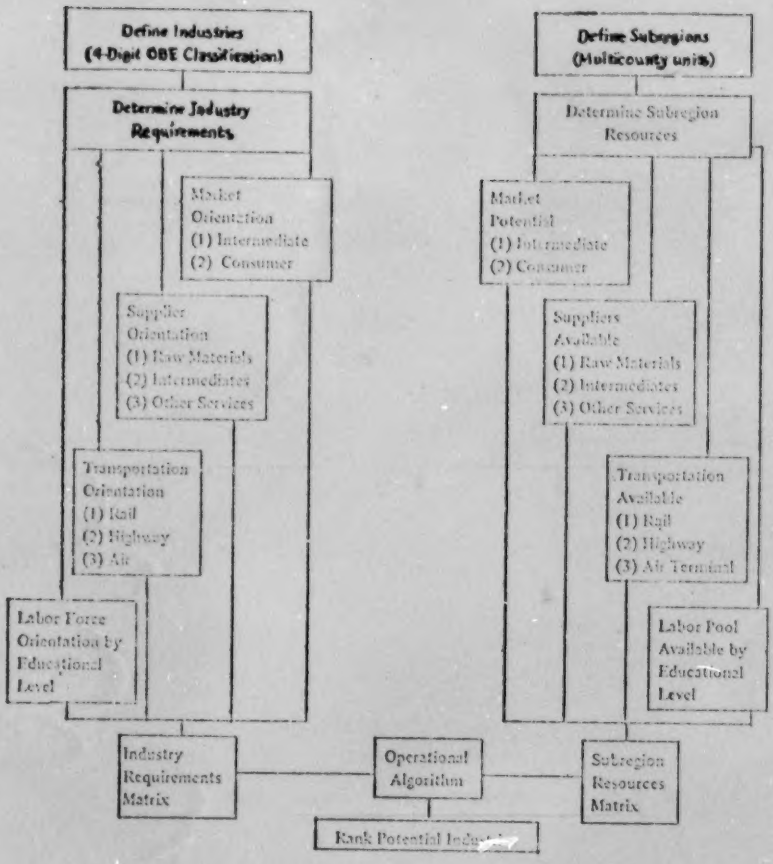

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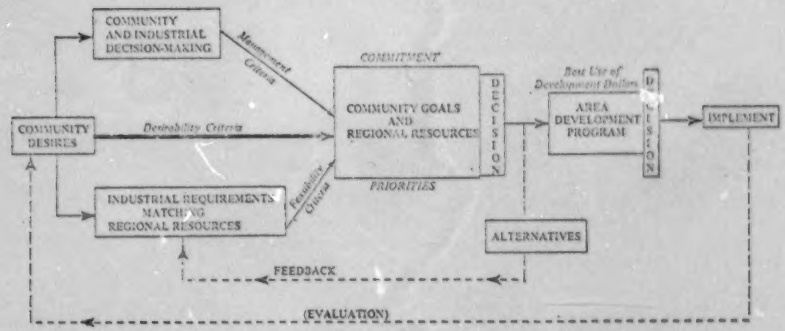
FIGURE 2

OHIO APPALACHIAN SELECTIVE DEVELOPMENT PROGRAM



PART II—PROPOSED PROGRAM TO ACCELERATE ECONOMIC GROWTH IN THE RURAL AREAS OF OHIO

General Description

This program will consist of a two-phase effort to analyze the nature of economic development in rural areas of the State of Ohio and to propose specific measures to deal with the problems of rural development, both at the local level and at the State level. The program will focus on selected districts as delineated in the Uniform State Districting Plan in order to demonstrate the feasibility of a regional approach to rural ecomic development on a State-wide basis.

Objectives

The objectives of the program will be to:

1. Determine the types of economic development most likely to occur in the rural areas of Ohio,
2. Develop programs and strategies for rual economic development,
3. Provide a vehicle for the disemination of information on rural economic development and promote influence development activities in Ohio's rural areas.

Scope of Project

Phase I.—Problem Analysis, includes four distinct efforts:

1. Delineation of regions and sub-regions to serve as a geographical basis for the various program out puts, and conform to the proposed uniform districts.
2. Application of a computer-based Regional Economic Development Model (REDM) to the specific problems of economic development in rural areas.
3. A study of the attitudes of rural residents and their perception of the consequences of economic development.
4. An impact analysis of the urban-rural interface to identify the effects of urban growth on potential economic development and the quality of life in rural areas.

Phase II.—Rural Economic Development Program:

The outputs of the individual studies undertaken in Phase 1 will be consolidated into an overall Rural Economic Development Implementation Program. Through a series of seminars and conferences, strategies and development recommendations will be presented to Department of Agriculture representatives and members of local interest groups participating in rural economic development activites.

Uniform State Districting Program

The State Districting Program currently underway by the Department of Development will, upon approval and implementation, provide uniform administrative districts for all State agencies. These designated regions will provide a common basis for the distribution of information, the gathering of statistics, and supply the framework necessary for the promotion of ecomonic development throughout the rural areas of the State. This regional approach toward development will increase the visibility and accessibility of State services at the local level,

and facilitate greater participation in, and responsiveness to, programs designed to meet the specific needs of the individual communities.

The Regional Economic Development Model (REDM)

A simulation model will be employed as a comprehensive tool for the evaluation of rural development potential. It will serve as a means of identifying those economic activities that are best suited to promote the growth and development of the individual rural regions as specified in the Uniform State Districting program.

This model is an extension of the computerized Regional Industrial Allocation Model (RIAM) developed by the Development Department for the "Study of Economic Growth in Appalachian Ohio." A schematic diagram depicting the model is illustrated in Figure 1. The primary factors dealt with in the model are: Market Potential, Resources, Labor, Transportation, Environment, and Amenities. They are summarized in Figure 2. The simulation of results of alternative development strategies will serve as a powerful test to decision-making at both the State and local level.

Study of Rural Attitudes and Perception of Economic Development

This effort will examine the rural residents' perception of economic development and his attitudes concerning corrent State-level programs. The results of the study will be used to ascertain the magnitude of disparity between the needs and desires of rural communities as perceived by the residents, and the needs and capabilities of the community as defined by the REDM analysis. This information is vital for the planning of educational and informational programs which will be developed following the completion of the individual programs of Phase I

Impact Analysis of Urban-Rural Interface

This effort will assess the effects of urban and rural economic growth on the State's rural areas. Utilizing the capabilities of the simulation mode of the Regional Economic Development Model, economic impact analysis can be made concerning the effects of industrialization, tourism, and various other socioeconomic factors on the urban and rural areas within each district.

Rural Economic Development Program

This program will result from the consolidation of the four research programs of Phase I and will consist basically of two parts. (a) Based on an analysis of the information gathered from the REDM, Rural Attitude Study, and the Urban-Rural Impact Analysis, the Department of Development will propose a series of alternative development strategies, recommendations, and suggested applications tailored to the specific characteristics and needs of the rural areas within each district. These proposals will also provide a vital input to the long-range economic development policies originating at the State level. (b) The Department of Development will conduct a series of seminars and conferences with the Department of Agriculture and various local groups such as Chambers of Commerce, Granges, U.S.D.A. extension agents, and other local business and farm organizations, to develop expertise in development strategies designed for their specific local areas. These seminars will serve as a two-fold function by supplying the local groups with the information from the projects of Phase I, and also, by establishing the groundwork necessary at the local level through which rural development programs might be implemented. This program will be the vehicle through which both State and local leaders can combine their research, planning, and development efforts to better insure the successful implementation of programs designed to promote economic development and improve the quality of life in Ohio's rural areas.

Long Range Development Goals

Subsequent to the implementation of the Uniform State Districting Plan, the Department of Development, in conjunction with other federal, state, and local governments and agencies, will merge the existing economic development program into an overall economic development plan. The proposed program for the development of Ohio's rural areas is designed to extend the current Appalachian Development Program to include the non-Appalachian rural areas of Ohio. It is through the successful implementation of these programs and the design and implementation of a state-wide Economic Development Plan that we can assure a balanced economy and continuing economic growth throughout the State of Ohio.

FIGURE I
REGIONAL ECONOMIC DEVELOPMENT MODEL

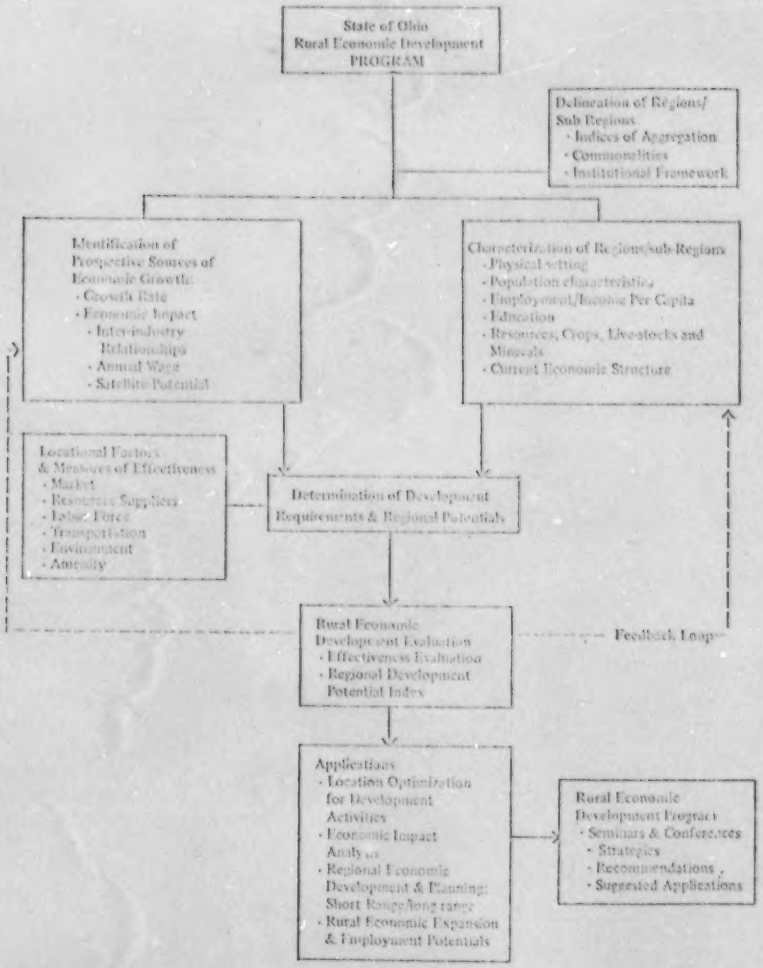


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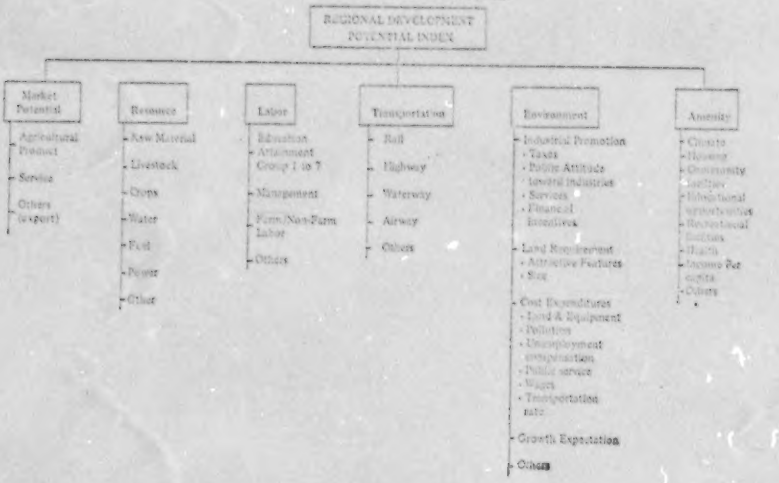
FIGURE 2

REGIONAL FACTORS AND ELEMENTS



Senator HUMPHREY. Might I ask how long has this department of development been underway in your State?

Dr. SWEET. The formal department of development was established in early 1963. However, the State had been active in various other ways in promoting economic growth for decades.

Senator HUMPHREY. What is the degree, if any, of the State funds available to the department of development for investment or loan or technical assistance planning purposes?

Dr. SWEET. There is funded as of Friday a $2 million budget per year provided by general revenue funds. There is also along with that, approximately a million dollars provided by the Department of Housing and Urban Development, also the State planning agency, and then we have available to us tools such as financing tools available through the Ohio Development Financing Commission which provides loan guarantees for building plants and equipment. We feel that we should be progressively using these tools. As of January of this year there were in effect in Ohio approximately $500,000 worth of loan guarantees. By November this year we had increased that amount to $5.5 million and we anticipate within the first few months of 1972 we will have doubled that again. So I think financing as you well are aware, in your proposal, is a key in development efforts and we are trying to utilize what resources we have at the State level and combine for the first time aggressively with the Federal resources.

We are working right now, for example, on a series of seminars in rural and urban areas to bring to the financial community the loan guarantee programs available from the Small Business Administration as well as the department of development and the State government. I think all too often these programs, whether they be in Ohio or other States, are run somewhat competitively and we think by pooling these resources we will have much greater impact.

Senator HUMPHREY. If you were asked to give recommendation to the Committee on Agriculture and Forestry, if we had jurisdiction

primarily now over rural development, what would be your priority recommendation? What do you suggest, in other words, the Congress of the United States do that it is not doing in order to make it—in order to help you do your job here as director of economic development in Ohio?

Dr. SWEET. I think as the Governor has mentioned and as we stated, there is a great need for more coordination in the planning efforts. We have here in Ohio, for example, State government administering their programs through approximately 400 different kinds of multicounty districts, none of which are coterminus. On top of this patchwork quilt of confusion, we have the Federal Government operating their programs on a similar basis. We are trying and we intend, I believe the Governor will be proposing in early January, a uniform set of districts by which the planning for the development of either rural or urban areas can be done on some uniform geographic basis, the Federal Government as well as State government will adhere to, and we can begin for the first time to coordinate the kind of planning activities that are done in natural resources, human resources, transportation, and see what the implications are for the total development of that particular area.

Now, I think to ask me a question like that, I would be certainly remiss if I did not say that the planning as well as the implementation requires resouces and I think the Federal Government should reward those communities or States that are trying to do in a efficient manner the planning and development of their areas.

For example, I think if you were to look at some of the States that have developed a uniform districting scheme they should be rewarded beyond those that have not, who are continuing to use a patchwork quilt fashion in their development efforts. I hope that soon we will be able to be among those States that have recognized the need for this type of planning for their future development.

Senator HUMPHREY. We will appreciate any suggestions that you might want to make on the proposals that are before our full committee, the one to which the Governor referred, the Allen substitute on revenue sharing, rural development bank, industrial development bonds. For example, one of the recommendations has been to lift the level from 5 million to 10 million that you are able to get bonds that are tax free.

Dr. SWEET. Governor Gilligan proposed earlier that this limit be removed as well as in rural areas as inner cities. I think the whole concept of infrastructure is one that is necessary. Business and industry will not look at an industry unless there is the water and sewer and access roads. Perhaps airports. And so it is necessary and I think it comes through Federal programs that we have and State programs of providing these necessary services that are required to just get an area into a competitive position. They do not even begin to compete, and then the problem is in making a selective attack in opportunities that that particular area has. All too long in this business the economic development, the shotgun approach has been applied and I think it has dissipated resources. So many of the rural communities are eager to attract new industry and yet they have no guidance in terms of their efforts. So they are dissipating their resources with no clearcut plans or guidance in which area they should be headed.

Senator HUMPHREY. Governor, I know you have a busy day and I want to hear from your third witness. Tell me what your time is.

Governor GILLIGAN. Well, Senator, we do have a busy schedule which requires me to get back to Columbus. I was going to ask the committee's indulgence if we leave with you Mrs. Rose Papier, who is coordinator of the division of administration on aging, department of mental hygiene and correction. I think in the interests of observing the principles of women's liberation among other things, she should have the platform to herself. So we were going to withdraw at this point, And again, sir, my thanks to you and to Congressman Latta for your presence here today and for giving us this opportunity to appear and comment.

Mr. Senator HUMPHREY. Might I add before the Governor leaves that the Governor has been very considerate. We asked this committee to give consideration to coming to this State. Every Governor, Governor, you will be pleased to know, has requested our subcommittee to come to the States and the Governors Conference, I believe, resolved quite effectively on the whole matter of rural development and we are coordinating our activities within the framework of that resolution as well as type—the Agricultural Act of 1970, which places a high priority now on the activities of the Congress of the United States, what we call urban-rural balance and rural development and, Governor, we thank you for your leadership and for your excellent testimony today.

Governor GILLIGAN. Thank you. [Applause]

Senator HUMPHREY. Mrs. Papier, do you want to proceed now?

STATEMENT OF MRS. ROSE PAPIER, COORDINATOR, DIVISION OF ADMINISTRATION ON AGING, OHIO DEPARTMENT OF MENTAL HYGIENE AND CORRECTION, COLUMBUS, OHIO

Mrs. PAPIER. We thank you, Senator Humphrey, Representative Latta.

The subject I am going to talk about should be of some concern to everyone because everyone at least wants to live a long time. They do not always want to age and it is a little inconsistent.

I am very honored to have this opportunity to call your attention to the special needs of the rural elderly people in the State. Although many older people face problems with inadequate income, substandard housing, loneliness, transportation, and health care, those living in rural areas face these problems in even greater proportion than their fellow citizens in urban areas. Nationally, one out of every ten citizens is 65 and older but in rural areas that ratio goes very much higher, sometimes as high as one out of five. As young people leave to find jobs, the older people stay behind and in this respect you will find that in very few counties in Ohio are there lower proportions of older people now than there were in 1960. Mostly they have increased. And these older people who remain must take on increasing tax burdens to support schools and other essential services.

In the area of transportation, which is one of the most important subjects that we have found, one of our most important problems among older people, a study by the Ohio Administration on Aging, showed that only about one-third of the elderly surveyed were still driving automobiles. The Scripps Foundation for research in popula-

tion problems with headquarters at Miami University, Oxford, Ohio, recently conducted a 1-year demonstration project funded with an Ohio Administration on Aging grant, on providing transportation services to the rural elderly in Miami Township and Yellow Springs in Green County. More than 100 people used the service which provided regular trips to nearby cities and also transportation on request for medical and dental appointments and to senior center activities.

Many cases were found and cited in the study describing benefits derived from the transportation service. The project has been terminated, however, and the loss of this service is being felt very keenly.

Senator HUMPHREY. Was this federally-funded?

Mrs. PAPIER. This happened to be a State-funded project. Although we administer Title 3, Older Americans Act, we have the——

Senator HUMPHREY. Are you aware of the fact that following the White House Conference the President made some recommendations on funding and Senator Kennedy and myself took those recommendations the day after the President made them and figured that if they were good recommendations for next year, they are even better for this year.

Mrs. PAPIER. You are so right.

Senator HUMPHREY. And we offered an amendment to the Supplemental Appropriations Act and we funded fully the Older Americans Act in terms of its present authorizations. I think that act, however, needs to be revised and updated. I think it is far too modest in light of what conditions were revealed at this recent conference.

Mrs. PAPIER. I think it is so vastly under-appropriated that it just almost demeans the whole subject of aging with the increased numbers of older people. With 20 million people in this country, and a million in Ohio alone, 65 and over, there are so many things to do and so many needs that the small appropriation does not even begin to help. We have some community action programs that have assisted in transportation problems of the rural elderly.

For example, in Carroll County, the local Community Action program has provided a 12-passenger van which makes established runs. The only other transportation through Carroll County is the Greyhound bus that comes through once a day, just goes through. You flag it down if you want to go through the county somehow. And similar programs in the Community Action program on providing some transportation have been provided in other rural counties, but they are limited to those older people who meet the OEO poverty classification and are not available to others with an income even slightly above the poverty level.

It is agreed that local resources such as church and school buses should be available to be used by senior citizens and especially in rural areas. The removal of school bus insurance restrictions was one of the recommendations of the special concern session of the rural elderly at the White House Conference on Aging. But if the elderly cannot get to the services, then we have to bring the services to them and in community forums that were held throughout Ohio in September of 1970, older people stated they wanted to stay in their home communities and in their own homes. They have no desire to go to the cities or to move into retirement communities. And, of course, they want even less to move into nursing homes or rest homes and unfortunately, they frequently have no choice.

While special services are often available in urban areas to assist the elderly to stay in their own homes, they are not generally available to the rural residents. For example, an elderly couple in Guernsey County, married more than 60 years, could have maintained their modest home with the services of a homemaker who would come in for a few hours a day but such a service was not available and they entered a rest home where they were not permitted to share quarters. Within a year both of them had died.

Another illustration is that of an elderly man in Clinton County. He is in a hospital suffering from malnutrition. After his wife died he was unable and uninterested in cooking for himself. A home-delivered program or a home dining service could have kept him out of the hospital.

The lack of transportation and home services both play an important part in the health programs of the rural elderly. Mobile diagnostic health service units and medicare coverage for transportation to doctors have been suggested. With the extreme shortage of doctors in rural areas, however, few are able to go out to make calls. Vinton County in southeastern Ohio had been without a doctor in the entire county for over a year until this fall and two of the rural southern counties share one dentist, and that is not just for the older people. That is for the entire population.

Retirement income also is lower in rural areas. There are few workers covered by private pension plans. Since most rural people became eligible for social security, relatively recently, when agricultural workers and the self-employed were included, they have had fewer years of covered earnings and thus their benefits are lower. The average social security payment to the elderly in Holmes County is $92 a month. Nationally the average is $120.

As for pensions, a survey of 20 percent of the elderly in Bellmont County showed that less than ⅛th received any kind of employee pension.

Employment opportunities to supplement social security are extremely limited in rural areas. This is particularly true in the areas where the men worked all their lives in the now closed coal mines. They had learned no other skills to prepare for retirement.

Also there is little or no special senior housing in any rural area. Older people stay on in their homes, often substandard, without the funds to properly maintain these homes.

In one county it was reported 11 percent of the homes lacked plumbing facilities. An elderly couple living in Perry County must climb to the top of a steep hill for their water supply. They must carry this down in buckets.

Perhaps one of the most important problems and greatest problems of all older people is loneliness. For one thing, a large proportion of their neighbors are elderly and the neighbors do not live very close by. The many opportunities for constructive use of leisure time which exist in many of our cities are not available to most rural elderly. The few senior center programs now operating in rural areas have many reports of the joy of their members participating in crafts, recreation, trips, volunteer programs, and other activities. An example of what can be done is shown in a program funded again by the Ohio Administration on Aging which established five rural senior centers in Claremont County. Each meets 1 day a week with staff

moving from center to center. These have rapidly become information referral points for the elderly. New crafts are taught and an opportunity for socialization is provided.

They have also established a telephone reassurance program to provide daily phone calls to those elderly in the county who are confined to their own homes. Elderly people in rural areas also have little or no access to legal counsel and consumer protection.

In our office we hear many stories of lonely people, especially the lonely widows, who will invite salesmen into their homes just to have someone to talk to and end up purchasing such things as expensive hearing aids that they do not need.

With a relatively small amount of money, older people could be maintained in their own homes and out of institutions, either nursing homes or hospitals. These preventive services can be provided at much less cost than institutionalization and provide greater happiness to the recipients, their families, and to society.

Senator HUMPHREY. I would hope, Mrs. Papier, that every person in this audience would read your paper with great attention and care. I think the greatest tragedy today in America is the failure to show the kind of interest to elderly Americans that we have. I saw some figures the other day that were shocking and revealing. We spend five times as much on college dormitories as we do on senior citizen housing, housing for the poor. I am not saying we spend too much on college dormitories. I am just simply saying the figure indicates 20 million elderly, the largest number of poor in any one group in that bracket, and most of the poor being in rural America rather than in urban America. We have our priorities, I think, slightly upside down, and when we take a look at your statement which can be attested to a hundred times a day by persons involved in this work with the elderly, I think it tells us something here at a great university about what our concerns ought to be.

Here are the people who are the forgotten people of America. Whether there is everybody forgotten, left out in the country, no bus, no transportation, no telephone, no food frequently, the worst housing in America is to be found in rural America, not urban America, and the programs that we have related to them outside of social security are almost negligible, and when you stop and think of a social security payment of under $100 a month in this day and age, and what was it here you figured, about 70-some-dollars in some counties a month, you can see the degree of deprivation and really degradation, deprivation of the person and degradation as well.

Just the other day we amended an act of Congress I found that 12 States—I am not sure whether Ohio was one of them or not—12 States had their food stamp requirements or food stamp allotments provoked cut by recent interpretations of the act of 1971, January 1971. In my home State of Minnesota in Hennepin County which has as its largest city Minneapolis, the food stamp allotment for the elderly was cut 50 percent by these new regulations. It went unnoticed. And fortunately, I offered an amendment here the other day and really I am proud of the Senate, it was almost without—well, it was without debate that the amendment was adopted and I hope and pray we can keep it.

But to think you could deny people food in rural America in a country that is spending billions of dollars storing food. You know,

we do not know where to store it. We are actually out of storage and our farmers would rather be paid for producing than not producing. Here we have malnutrition in rural America, in rural America. The malnutrition is worse than in urban America, primarily because our services are so inadequate.

When you stop and think of a county without a doctor and a county with one dentist, this is not unique to Ohio. I think maybe you are better off than some States. In my home State we have billboards up trying to find a doctor that will come into a rural county, and yet we say we are a humanitarian people. Well, when I hear testimony like yours I become angry because I think we are so full of rhetoric about what we ought to do for this world, talking about a big bunch of idealists we are and we are not idealists at all. We have people out here in these areas that do not get any care. We are willing to run half way around the world to pick up somebody in Afghanistan to take him to a clinic. Good. I am for that. I think we ought to do that but what about going across the street and taking somebody to the doctor? When it is one of our own, we let it go.

I say this in the presence of young people because I think this is what the great new movement has to be. I do not think we have to show any conscience to the rest of the world if we have got no conscience for ourselves Here is where you build the peace we need and the humanitarians we need. Here in the home. One of the reasons these people do not get help is because they are out in the country. We have got supermarkets. We have got highways that take you 70 or 80 miles an hour if you cheat a little and you cannot see anybody and we go charging through the rural town and talk about the clean fresh air but forget to look and see that they do not have an inside toilet and do not have the modern facilities.

So your paper to me, this is what I think we ought to be working on and I am so grateful to you. I am going to take it back with me. I do not know whether anybody reads the Congressional Record any more but I shall place it in there because I think it is needed.

We had this White House Conference on Aging and I venture to say there was less attention given to that nationally than given to many things, really just an incident in—White House Conference on Aging represented years of work and what it revealed, in the last 10 years since the 1961 Conference we have done all too little.

Mrs. PAPIER. If I might say something that I did not have time to say within what should have been 5 minutes and turned into maybe 7 or 8 minutes, I would like to point out about the emphasis that is given to nursing homes, substandard nursing homes, et cetera. It is my belief that maybe a different delivery system of care for people might be better than the nursing home, substandard or otherwise, because there are many people—in fact, one nursing home operator who has several nursing homes told me that he has at least 75 percent of the people in his nursing home who do not belong there at all, that there should be other kinds of facilities for people who really do not need intensive care. What they need is just some place where they could live more independently with some kind of services.

Senator HUMPHREY. Right.

Mrs. PAPIER. So we really do not need all these nursing homes. We need other kinds of facilities.

Senator HUMPHREY. I have seen some of these more adjustable senior citizen projects which is a very small department with modern facilities and with a central core of services that are available where there is a nurse on location, where there is medical attention close at hand, where there are facilities for taking care of your clothes and different things that are there so you can simplify the work for an elderly person or elderly couple, where there is community movement, where there are recreational opportunities.

Well, you and I could get on this topic for a longtime. I just happen to believe that—you know, I judge a government in three ways. How does it take care of the children, what does it do for the elderly, what does it do for those that are handicapped. The rest of us ought to be able to get along very well.

I think a lot of us go around crying about things we really do not need to cry about at all but a child who comes to the world not decause of his votes or his or her decision, here by parents, is entitled to a good start in life. The handicapped that have so many troubles surely are entitled to our compassion and the elderly are entitled to our respect and our care and I think anybody else in between with a fair break now and then ought to be able to make it fairly well, but these three groups, particularly the handicapped and the elderly, are having a rough time in this rich country.

I looked at that home for the retarded out here today. I said how many do you think of these we could build with if we did not build one aircraft carrier? Just take a look at that. A billion dollar aircraft carrier. [Applause.]

And $110 million for the older American, or for all the older Americans.

Mrs. PAPIER. $5 a person.

Senator HUMPHREY. $5 an older American. It is not tips when you go to a good restaurant. It makes me sick. OK.

Mrs. LATTA. I would just like to say you have made a very good statement. You have touched on some of the real problems facing the aged. This State of ours has a problem. I would like to point out that a couple of years ago we did pass legislation under the Office of Transportation which will permit governmental agencies to get together and come up with a bus service that might fill your needs. In fact, I suggested it for our area. We have not gotten it established to date because our governmental agencies haven't gotten together. But through the Office of Transportation you might be able to get the assistance that you need in some of these areas.

Mrs. PAPIER. I have been in correspondence with them.

Mr. LATTA. You already have been?

Senator HUMPHREY. And as you know, we passed the Nutriton Act for the elderly last December. I think it will go whizzing through. Unfortunately, I believe there is—at the White House Conference they did deal to encourage the menbers there, talking to every one of us that were down there.

Thank you very, very much. We appreciate your presence.

(Mrs. Papier's prepared statement follows:)

Mrs. PAPIER. I am Rose Papier, coordinator of the Ohio Administration on Aging. I appreciate the opportunity to testify on special needs of Ohio's rural older people. I have been directly concerned,

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extremely interested, and very close to their problems for more than a decade.

Inadequate income, substandard housing, lack of transportation and poor health care are problems faced by many older people. But those living in rural areas face these problems in greater proportion than senior citizens in urban areas.

For one thing, many of their neighbors are also old. In most cases, however, they do not live nearby. Nearly 1 out of 10 Ohio citizens is 65 and over. But in rural counties that ratio runs as high as 1 out of 5. As younger people leave the rural areas to find jobs, the older people stay behind. Those remaining must take on increasing tax burdens to support school and essential services.

At the recent White House Conference on Aging in Washington, it was noted that:

> Sheer distance between people, and between people and services is the most obvious aspect in which rural areas differ from urban ones. Distance complicates the delivery of any service to rural older people; the expense of maintaining private cars and lack of public transportation bar older people from coming to the services.
>
> Rural transportation problems must be solved before there can be effective solutions to rural health, income, employment or housing problems.

TRANSPORTATION

Because transportation is basic to the provision of necessary services, this problem will be discussed first. A recent study by the Ohio Administration on Aging showed that only one-third of the elderly in Ohio were still driving automoblies. There are many elderly rural residents who, for reasons of poor vision and other physical problems, should no longer be driving. They continue to do so because of inadequate alternatives.

Transportation can be provided in rural areas, of course, if funds are available. The Scripps Foundation for Research in Population Problems at Miami University, Oxford, Ohio, recently conducted a demonstration project with an Ohio Administration on Aging grant. The project provided transportation for older persons in Yellow Springs and Miami Township. Regular trips were scheduled primarily to shopping areas; health clinics, doctors and dentists; churches; and the local senior center. Dr. Fred Cottrell headed the project. It was pointed out that although increased attention is being given to transportation problems in the cities, there has not been corresponding recognition that inadequate transportation also affects those in rural areas.

Many cases were cited describing the benefits derived from the experimental transportation service. The project, however, has been terminated. The program is sorely missed.

One of the questions posed in the report on this project and the answer follows. The answer well applies to other services which should be provided for older people enabling them to remain in their own homes, and out of institutions.

QUESTION

What would be the likely cost to the society of leaving them (the elderly) without service—particularly the putative cost of providing

shelter and other amenities to those who must move to some place where they could be provided with adequate care?

ANSWER

It is clear that there are a great many of our respondents who now qualify for far more income than they are getting. If transportation can make available to them what they need, and they are content to stay where they are, this will be far less costly than it would be to increase their grants to the point that they could buy transportation or the other services that they require. Given the very high costs of nursing home and hospital care, a service that will prevent the necessity to move even a few of them into already overcrowded health facilities would save, in this form, alone, more than it cost.

Added benefits come from the fact that these people are now able to stay in places where they are known, and can make use of many facilities that would otherwise have to be abandoned. The income they spend is retained for use in the local community, and no extra payment to those outside the community must be made in exchange for this income.

Transportation is provided in some rural areas to low-income elderly through the Community Action program. In Carroll County, for example, the only public transportation is a Greyhound bus. It travels through the county once a day and can be flagged down in Carrollton. Here the Community Action program operates a 12-passenger van which makes scheduled trips through the county to shopping areas. More than one-half the users are 65 or over. Unfortunately, it is not available for use by anyone whose income is above the poverty level.

Just the simple process of grocery shopping was eased for the small area of Murray City in Hocking County, a former coal mining area. Twice-a-month bus trips to Nelsonville and Athens were provided by the Community Action program. A senior bus program in Washington County—again only for those with incomes below the poverty level—was initiated by Community Action.

Local resources such as church and schoolbuses—should be promoted for use by senior citizens, especially in rural areas.

Removal of schoolbus insurance restrictions was one of the recommendations of a special session on the rural elderly, at the White House Conference on Aging.

HOME SERVICES

If it is difficult for rural elderly to get to necessary services, then these services must be brought to them. Throughout Ohio, in community forums held in September 1970, older people stated that they want to stay in their own communities. They do not want to move into nursing or rest homes, but often they have no choice. While many special services are delivered to the elderly in their homes in many urban areas—such as homemaker-health-aide programs, meals-on-wheels, telephone reassurance programs and friendly visitors—such services are rarely available in rural areas.

One elderly couple in Guernsey County, married over 60 years, could have maintained their modest home with the assistance of a

homemaker for a few hours a day. Meal preparation and shopping help were needed. Because such services were not available, they had to enter a rest home. They were not allowed to share quarters at the rest home. Both were dead within a year.

The lack of a meals-on-wheels program resulted in an elderly Clinton County man being sent to the local hospital. He suffered from malnutrition. After his wife died, he was unable or uninterested to cook for himself.

HEALTH

Lack of transportation and home services both contribute to the health problems of the rural elderly. Outreach services, mobile diagnostic health units and Medicare payments for transportation to doctors' offices have all been suggested as solutions.

Vinton County in southeastern Ohio had been without a doctor for over a year until this fall. Two southern rural counties, Brown and Adams, share one dentist. Carroll County has four physicians, three of whom are over 65 years. All maintain their offices in the county seat.

INCOME AND EMPLOYMENT

Retirement income is lower in rural areas. Few workers in rural areas are covered by private pension plans. Since most rural people became eligible for social security more recently than others—when agricultural workers and the self-employed were included—they had relatively few years of covered earnings. Thus their monthly benefits were lower. The average social security payments to the elderly of Holmes County is $92 a month. Nationally, the average is $120. In Belmont County, out of 1,897 older people surveyed (approximately 20 percent of the elderly in the county), only 344 received any kind of pension.

One elderly Belmont County woman, now receiving $70 a month from social security, could receive a supplement through the Aid for the Aged program of $12 to $15 a month. This would require, however, that she sign her $1,000 insurance policy over to the welfare department and also sign a lien on her small cottage. She doesn't want a pauper's burial. She worked all her life to be assured of a decent funeral.

Employment opportunities enabling the elderly to supplement social security pensions are extremely limited, especially in rural areas. In areas of southern Ohio, where men formerly worked in coal mines now abandoned, many had no salable skills.

HOUSING

There is little or no special housing for the elderly in any of Ohio's rural areas. Older people stay on in their homes, often substandard, without funds necessary for maintenance. Property taxes, nevertheless, continue to rise. The Farmers Home Administration has, in a few cases, provided solutions to housing problems. This has been on a very limited scale.

In Carroll County, 11 percent of the homes lack plumbing facilities. In a rural area of Perry County, an elderly couple has to climb to the top of a steep hill for their water supply. It has to be carried down in buckets.

RETIREMENT ROLES

Opportunities in many of our cities for constructive use of leisure time are not available to most rural residents. There are, however, a few bright spots. An Older Americans Act program—financed by the Ohio Administration on Aging—provides funds for five rural senior centers in Clermont County. Each meets once a week. The staff moves from center to center. They have rapidly become information and referral points for the elderly. New crafts are taught, pleasure trips arranged, and opportunity provided for socialization. A telephone reassurance program, providing daily phone calls to those elderly in the county who are confined to their own homes, has also been established.

Loneliness of the rural older person is a major problem. One 76-year-old widow drives 14 miles each way, once a week, to the senior center in Richwood to participate in the art class. As the director pointed out:

> She comes in full of talk about her troubles but soon she is painting away with great enthusiasm, troubles forgotten. She always says as she leaves, "I don't know what I would do except for this place".

Two members of a senior center in Athens County commented:

"We'd be in the State hospital by now if it were not for this center."

Another in Champaign County referred to the senior center as "My second home."

For those few centers serving rural areas, members who drive try to pick up others in their areas, so that they can also attend. But many others are kept from participating by lack of transportation.

The lack of programs for older people is hurting the rural areas. A Cincinnati couple retired to Brown County prepared to play an active role in the community but the lack of any interest in the elderly has caused them to sell their new home and return to Cincinnati, where they find many ways to participate and serve.

LEGAL AND CONSUMER PROTECTION

Elderly people in rural areas have little or no access to legal counsel. They also lack various types of protection available in urban areas through legal aid programs, senior information services, Better Business Bureaus, and community planning agencies.

A hearing aid salesman sold an elderly widow in Athens County a hearing aid which she did not need, for the fantastic sum of $1,200. She was lonely when he came to her door, and she wanted someone to talk to. Another rural resident in Gallia County was sold special stockings, guaranteed to cure her varicose veins, at $10 per pair.

A Warren County woman, hospitalized for a broken hip and pneumonia, and thinking she was about to die, deeded all her property to her son. When he died suddenly, the daughter-in-law shortly afterward sold the property and left town. The woman recovered and is now living in a small furnished room. She had no choice except to apply for charity—Aid for the Aged.

Programs established to meet the needs of the rural elderly should be designed to fit their way of living. They have been self-reliant. Neighbors pitch in to help, in time of crisis. Such resources are often no longer available. Individuals hesitate to deal with Government

agencies and often do not know how. The transportation study conducted in Yellow Springs and Miami Township reported many older people who were eligible for supplemental income under the Aid for the Aged program. They were either unaware of their eligibility, or refused to accept charity.

These are but a few examples. There are now 1 million Ohioans 65 years of age or older. Remarkably few have reached their final years without problems—especially problems of health, of fixed incomes and rising prices, of losses of family and friends, of feelings of futility and despair. And yet what little has been done to recognize and ease their plight has been heavily concentrated in the cities—in the urban areas where they have been most visible and most vocal. The rural aged, have heretofore been largely ignored. Hopefully, however, these hearings portend the dawn of new days, especially for Ohio's rural older people.

Senator HUMPHREY. We have group 2 here now with Mr. Coleman, Mr. Maslar, Mr. Haigh, Mr. Copeland, and I believe we are going to also bring in Mr. Don Woods, if I am not mistaken.

Would you come to the stand. Welcome.

Is Mr. Maslar here? We have Mr. Coleman, Mr. Haigh, Mr. Copeland. The three witnesses here are Mr. Copeland, Mr. Haigh, and Mr. Woods. We will lead off with Mr. Copeland, who is the Area Development Consultant for the Ohio Rural Electric Cooperatives.

I am going to try to restrain myself, though it is a difficult assignment, if we can kind of keep within this time frame because we have got a lot of witnesses here and we want to get you all in.

STATEMENT OF CORNELL E. COPELAND, AREA DEVELOPMENT CONSULTANT, BUCKEYE POWER, INC., COLUMBUS, OHIO

Mr. COPELAND. Mr. Humphrey, Congressman Latta, my name is Cornell Copeland, area development consultant for Buckeye Power, Inc., Columbus, Ohio. Buckeye Power, Inc., a nonprofit corporation, supplies electrical energy to the 28 rural electric cooperatives serving 65 percent of the land area of Ohio. Buckeye Power is owned by these 28 rural electric cooperatives. We appreciate this opportunity to respond to your invitation to testify before you today.

I have been involved, during my lifetime, working in rural areas and with rural people, first, as a rural one-room country schoolteacher, followed by many years service with the Farmers Home Administration and its predecessor agencies. I have observed the outflow of young people from rural areas and have talked with many families who, after having located in metroplitian areas, found it extremely difficult to adjust to that type of environment. Since my retirement from work with the Farmers Home Administration, I have taken employment with Buckeye Power, hoping that I might make some small contribution toward total development of rural areas

It seems to me that very few realize the great need which exists in rural America today. The rural taxpayer educates his children with a burden of taxes only to have the youth leave their home community because of lack of employment opportunities.

I think history is replete with examples of how rural people can meet and solve problems if given an opportunity to do so. In the field of financing, I might mention the successful operation of the Federal

land banks and the Production Credit Association, originally made possible by the Farm Credit Administration, which provide long-time loans on real estate and needed operating credit to farmers. I would also point out that there are still areas where the excellent service available through this system is still not adequate to meet the needs of rural people. This need has been met to some degree by the work of the Farmers Home Administration. However, lack of authorization, funds, personnel, and certain time-consuming procedures have prevented this agency from extending its services to the degree necessary to meet rural needs.

The biggest need existing in rural areas today is employment opportunity within a reasonable distance from the individual's residence. This can be accomplished only if industry can locate in rural areas. Industry requires certain factors, many of which can only be obtained through planning and through a source of financial assistance. A few of the necessary attributes to obtain industry, in a rural area would be adequate supply of potable water, waste treatment systems and adequate transportation. There are those who would indicate that it would be impossible to provide rural residents with an adequate supply of potable water and the availability of adequate waste water treatment systems.

However, I can remember when such statements were made regarding electrifying rural America. Today the electrification of rural America is taken for granted. Rural people, when given an opportunity, were able to meet this problem and their accomplishment is visible for everyone to see.

I believe the first step in rural area development would be realistic overall planning. Planning, guided not by a metropolitan trained planner, but one who is rural-oriented, has knowledge of rural people and a knowledge of conditions existing in rural areas. The next step would be to provide adequate funding so that such a plan could come to fruition within a reasonable period of time. I believe that the haphazard use of land as exists today cannot continue indefinitely. It would seem to me that land should be used in line with its capabilities and even though today we talk in terms of farm surpluses, the time could be rapidly approaching when our cultivatable acres will be unable to provide the food and the fiber needed by our people.

One of the greatest needs existing in rural America today is adequate housing, housing that can be utilized by the low-to-moderate-income families. There still exists, in rural areas, individual builders, who, if provided with a site on which to build, can produce an acceptable house within the affordable price range of these families. Ways and means must be developed to make housing, both rental and individual units, available in sufficient numbers and at a price which will meet the need of the mass market existing in rural areas.

Metropolitan areas have their urban renewal programs on which they have been working for several years. It would seem to me that the time has now come when a similar type program should be available to rural areas. Such a program could replace existing substandard housing with adequate housing in numbers sufficient to meet the needs of the area and at a price that people, especially low-to-moderate-income families could afford. To accomplish this will require adequate funding, a subsidy program, and innovations in building practices. In addition, there must be provided ways and means to obtain adequate

potable water supplies, efficient waste water treatment systems, adequate health care and, above all, the recognition that agriculture can no longer give sufficient employment to provide opportunities for the rural youth. Such a program, if made available to rural America, would enable the rural areas to offer continued opportunity to its young people, giving to them not only the opportunity to live in rural America, but also to work there.

Thank you again for your invitation through Mr. John Baker, to appear here today. If there are any questions, I shall certainly try to answer them or secure the proper answers.

Senator HUMPHREY. Mr. Copeland, we will come back to you. I thought we would take all three statements in order and then come back to your testimony.

Mr. Haigh, manager of the Highland Division, South Central Power Co.

STATEMENT OF T. SANFORD HAIGH, MANAGER, HIGHLAND DIVISION, SOUTH CENTRAL POWER CO., HILLSBORO, OHIO

Mr. HAIGH. Thank you, Senator Humphrey. My name is T. Sanford Haigh, manager of the Highland Division of South Central Power Co., Hillsboro, Ohio. We appreciate this opportunity to respond to your invitation to testify before you today.

For the past 6 years I have been involved, among other things in my work, with the development of a nonprofit rural water company to serve citizens in my native Highland County. In those early days of the project, I can tell you we did not foresee six long, often frustrating, but certainly grueling years of hard work to develop 250 miles of waterline now finally in operation over the county. Today this nonprofit Highland County Water Co. is serving approximately 2,000 consumers.

I mention this long period of time because at the edge of Columbus, Ohio, far fewer citizens were served by a public body water and sewer new development in the short period of only months. I submit to you members of this committee that the complex and lengthy road to reality for rural area development compared to development in urban areas in your frustration as well as ours who are working on the firing line today.

Simply said, those agency representatives dealing in the development of rural areas have not been authorized appropriate procedures to advance expeditiously with rural area development projects. Rural agencies also are slow to change their practices which have been ingrained through tradition. The business of development is a fast-moving one based upon solid, rapid feasibility and the mechanics of quick decisionmaking so that development may proceed at opportune moments—when construction crews are available, when financing conditions are advantageous, when the weather conditions are favorable and when all of the other pieces are ready to fit together on schedule. Too often we have had members of factors in our development ready to move forward but have had to wait on agency approval or other authorizations only to find conditions had changed during the interim while waiting for final approval.

Even when the project has final approval to move ahead, the limitations placed upon it, either through regulations and policies or by the

law, cause serious problems in rural area development. I point to the Highland County Water Co., in which I am a founder.

I commend the chairman, Senator Hubert Humphrey, and his colleague Senator Talmadge, for supporting a bill in the Senate which would increase the dollar limitations on water systems from $4 million as the law presently reads. As you develop a water system such as this one in Ohio, more citizens want to become part of the water system and submit tap fees for service. In this project we have more than 600 consumers left over who cannot be served even though they had paid tap fees because we had reached the $4 million limitation. Some of these more than 600 were early believers who were first in with their tap fees. First come, first served does not always work because of engineering factors. So I am sorry to relate that some of the early believers today are left out of a project in which they believe so sincerely. Several among the 600 are efficient dairymen who may lose their grade A status in the milkshed marketing area because of possible health limitations due to inadequate water supply. The bill which Mr. Humphrey has introduced increases the limitations to $10 million and I believe this is good and will help overcome this kind of problem. But I submit to you, Mr. Chairman and members of the committee, that your bill should read that water systems be built as large as the feasibility which creates them determines. There should be no limitations on dollar amount.

I believe this is important for several reasons, the first being that this $4 million limitation is the result of two previous adjustments in the law. When the $4 million was agreed upon, the Congress did not and could not foresee that it would not be adequate in the future.

Because of this type of limitation on rural development, this fine Highland County water system will not be able to serve the entire county.

Limitations also cause us to design our systems too small and they become overwhelmed too soon.

I believe and recommend to you that you ask the Congress to consider a subsidy program for water systems or to open up more avenues in the area of grants for this kind of development. If this is not done, the cost of individual water systems for homes in rural areas will help drive the cost of home construction even higher, thus limiting the opportunities for citizens to build or buy homes.

In concert with these ideas, I also urge this committee to consider the same type of financial assistance for sewer systems in rural development. Whenever you add the utility of water to an area, the addition of waste treatment is a must in many newly developing areas. I believe you should ask the Congress to authorize a system of sewage treatment collecting points which can eventually interconnect throughout the rural areas in order to accomplish what your committee wants and that is the development of rural areas for the revitalization of this important sector of our great Nation's economy.

Thank you again for your invitation through Mr. John Baker, to appear here today. If there are any questions, I certainly shall try to answer them or secure the proper answers.

And, Senator, I would like to give to you and Congressman Latta a map of the water area that we have just been talking about.

Senator HUMPHREY. Thank you very much. We will come back to you again, Mr. Haigh.

Now I want to hear from Mr. Woods.

STATEMENT OF DONALD P. WOODS, PRESIDENT, FAYETTE COUNTY BANK, WASHINGTON COURT HOUSE, OHIO, AND VICE CHAIRMAN, AGRICULTURE COMMITTEE, OHIO BANKERS ASSOCIATION

Mr. Woods. My name is Don Woods. I am president of the Fayette County Bank, Jeffersonville and Washington Court House, Ohio, vice chairman of the agricultural committee of the Ohio Bankers Association and member of the agricultural credit task force of the American Bankers Association. Our bank, which has 7 million in deposits, is located in a Southwestern Ohio County of 26,000 people.

I want to compliment this committee for setting a high priority on rural development. This priority insures not only increased rural development but benefits to urban areas as well. Consequently, whatever is done for rural development will have national implications.

Rural banks, of course, have a very special interest in such development, since nearly 60 percent of the commercial banks in the country are located in smaller communities.

We endorse the general purposes of S. 2223 to assure that capital and credit is available in rural areas for sound noninflationary economic growth and to facilitate the flow of funds from the central money markets to rural areas. The banking system through the agricultural credit task force of the American Bankers Association is examining this matter. Also, special studies are being conducted by the Federal Reserve System. Work to date suggests that there are ways available now to improve the flow of funds from the central money markets for the benefit of rural areas.

Our bank is among the 40 percent in the Nation with a loan-to-deposit ratio of 60 percent or higher. We have always declined agricultural loans because of a lack of deposits and the inability of us to maintain enough correspondent balances to support the participation loans needed.

Senator Humphrey. Which community is it that you refer to?

Mr. Woods. Jeffersonville community is 1,000 population, Washington Court House is 15,000 population.

Most correspondent banks are willing to take only overline loans and then only on a limited basis. A recent Federal Reserve study reported that the 855 member banks with 50 percent or more of their portfolio in farm loans received farm loan participations equal to an average of only 22 percent of the balances they maintained with correspondent banks. For the 2,069 nonmember agricultural banks, which is the largest segment serving agriculture, the figure was only 16 percent. A Federal Reserve 1966 farm loan survey clearly indicated that the correspondent banking system was not supplying net additional funds to rural areas but rather operated to draw funds from rural areas.

I admit, not all rural banks need additional capital, as many of the banks with the funds to loan will not loan them. I do not believe there is anything in the near future to change this immobility of funds since it involves human attitudes. In fact, this situation is getting worse as more and more banks become affiliated with city-based holding companies where the lead bank is not accustomed to farm credit. Their farm customers are unable to maintain a compensating balance equal to the industrial customer with a similar line, therefore,

the holding company bank can get a better yield on their money from a city customer.

Another Federal Reserve study, after studying all types of county mergers, State-wide mergers, and all types of holding companies, reveals the only significant finding was that statewide branch systems tended to drain funds from rural areas; thus, the evidence from these studies by and large fails to support the idea that farm and rural credit availability would be improved through banking structure change. Thus, we as rural bankers have no choice but to look to other sources. Presently the other sources are the Federal Land Bank Association for farm real estate loans, since insurance companies have almost completely pulled out of rural areas; the Production Credit Assiciation for short and intermediate term farm loans; the Farmers Home Administration and savings and loans for rural housing loans.

During the past decade the Nation's banks have increased their non-real estate outstanding loan balance from 5 billion to 11.1 billion or an increase of 122 percent. During the same period the Production Credit Associations increased 258 percent or twice as fast as banks, from 1.5 billion to 5.3 billion. These figures indicate banks are not doing their job in farm credit. I submit, if we as county bankers had a source for funds similar to those offered by the Farm Credit System, we could be doing our job in farm and rural credit.

As agriculture substitutes capital, on credit, for manpower, which has increased output per man hour 82 percent in the last 10 years, we will need an increase in farm loans from 61 billion now to 140 billion by 1980, as estimated by John R. Blake of Michigan State University in an address before the Commission on Agricultural Credit, October 9, 1969. There will be a high level of continuous loan demand in rural areas which will exceed sources of loan funds. This demand will be large enough in dollar amounts and continuous enough to support the need for a new mechanism for bringing funds into the rural area through the banking system. Banks presently hold approximately 26 percent of all farm loans and have been the primary lender for rural development.

The Farmers Home Administration's entry into rural housing mortgages on a no-downpayment-and-interest credit basis, has been a welcome addition to rural development. I hope their entry into rural housing does not mean a deemphasis of farm loans. Their entry into the recreational facility and health facility field is a step in the right direction, although they have not been allocated enough money to be meaningful in rural development.

The best way to channel funds into rural areas is through our commercial banks. Combined, we have 13,492 offices not counting our many branches. For banks to become more viable, certain changes must be made. Since the Federal Intermediate Credit Bank in general has provided little assistance in the way of giving information to banks on how to set up a discounting agreement or how to process loans to be discounted, I suggest the establishment of a corporation to raise funds for smaller banks through the sale of debentures in the secondary market. It could be:

(1) Federally sponsored and capitalized;
(2) Organized and capitalized by the Federal Reserve System;
(3) Established as a private nonbank enterprise;
(4) Organized and capitalized by a large group of small rural banks acting together.

The corporation could charge the borrower an interest rate that recovers its cost of money plus the cost of offering the service.

If new Federal legislation for the new corporation were sought, it would certainly be very tempting to go one step further and seek Federal capitalization for the venture—at least initial capitalization, with provision for the users to become the eventual owners. I am concerned about the realities of passage of such legislation, particularly given the existence of the federally sponsored Farm Credit System. I see some chance for such a proposal as part of the Rural Development Credit Act, although the rural development credit system could make it just as difficult for banks to participate in the credit program as the farm credit system can make it difficult for the banks to participate as OFI's.

The country bank, which has been the foundation and nucleus of the rural economy, will not be used to its fullest potential unless favorable legislation is enacted. The recently passed Farm Credit Act has many useful provisions, but commercial banks were generally excluded from this legislation except PCA's were given authority to participate with banks. This could be an effective tool in areas where there is cooperation between the two.

I urge your support of Senator Bellmon's bill, S. 2471, introduced August 6, 1971, which would specifically authorize loans by the Small Business Administration to small business concerns engaged in farming operations, to finance the production of agricultural commodities and to permit national banks to invest in agricultural credit corporations.

I strongly urge prudent effort to create more opportunity for people in rural America; to upgrade their income; and to reverse migration from rural areas. I believe commercial banks should be used as a tool for channeling funds back into rural areas. The banks have the facilities and manpower to meet the needs of agriculture and rural development if given a mechanism to tap the secondary market.

Thank you.

Senator HUMPHREY. Thank you very much, Mr. Woods. Are you a member of the Independent Bankers Association?

Mr. WOODS. No sir; I am not.

Senator HUMPHREY. We have been in consultation, the subcommittee has, with the Independent Bankers, also with the American Bankers Association, and with the Investment Bankers on the legislation that is now pending before the committee. We have not tried to bypass them. On the contrary, we have spent many hours trying to work out arrangements that would meet some of their needs and also some of their criticisms.

Under the Rural Development Bank proposal, the one that Senator Talmadge and myself and 48 other Senators sponsored, we will work—we use as the primary agency the local bank and that local bank is the instrument for the making of the loan and that paper can be sold back into the regional banks so that you do create new sources of funds for the local bank. We feel that the local bank has a closer identification with the needs of the community and we do not want to develop a high-powered Federal bureaucracy on a sort of what you might call local banking structure basis to be competitive. We use the local bank as well as the multidistrict planning office as instrumentabilities through which the regional bank that produces the

money, that goes into the money market, is able to sell its debentures and bonds in the money market, to bring the money back into rural America.

I would hope that you might take a look at that bill. We welcome your comments and any of the comments of your associates in the banking field here, particularly in Ohio, because this bill is designed to do very much what the Federal land bank system and the farm credit system did. It will become borrower-owned. It starts out with a modest amount of Federal capitalization but that is paid off and then it becomes a borrower-owned instrumentality like your Production Credit Association, your Federal land bank, Farm Credit Administration, et cetera, We think it has merit.

I am familiar with the Bellmon bill, of course, and will find myself in support of that legislation. I think that it is another one of the tools that we need, the great need of capital in the rural areas.

The other thing we found out, constantly the Federal or State banking examiners watch these rural loans very carefully at the local bank and there are severe limitations when you come into trying to get an industrial enterprise, for example, in a rural development program and a private bank runs into serious difficulty being able to find the loaning capacity even if you have the money within the bank because of the restrictions that are placed upon it.

So there are many suggestions that we receive from the banking fraternity itself as to, for example, rural development loans might have a separate category from the limitations that are imposed on other loans made by a bank. This is what the Governor was talking about in terms of new incentives to get capital flowing into the competitive economic industrial, manufacturing needs of the rural community. And we welcome your testimony which will be carefully examined, may I assure you, because you have some good suggestions there as to how you might pool local banks into kind of a consortium, to create both new capital and working through the Federal Reserve System.

Let me just say a word about the Federal Reserve System. I am not trying to be critical, particularly of it but the rural needs are just not being met. There is a constant competition for this money supply and if they have got a choice between General Motors and a general store, you know, General Motors—I just use that as an example—gets the money. So we have got to formulate some kind of a structure that really is primarily directed and has its thrust and emphasis upon capitalization in rural America.

Otherwise, you know, the risk is greater there for the moment, at least. The risk appears to be greater.

Most of the economists, for example, that are assigned to banks, have no relationship in their study, in their background, to rural America today. We provide in our legislation, for example, proposed legislation, that you cannot serve on a regional board unless you are a citizen of the area and that you have an orientation to the rural needs and the rural development needs of that area. In other words, you can be the best economist that Yale University can produce but if you do not know the difference between a corncob and a ukelele we are not going to let you get on the bank board. You have to have some understanding of what the needs are in rural America. That is what Mr. Copeland here and Mr. Haigh were addressing themselves

to, that frequently so much of the planning is done by people who are essentially metropolitan oriented. This is where our great universities—our great universities are producing essentially metropolitan oriented economists, planners, sociologists which is understandable. We have got 70-some percent of our people living in the cities. But if we are going to reverse this migration somewhat or even slow it down we have got to start to get trained talent in the field of rural America.

We do not have, for example, on many of these Federal agencies—take, for example, the Council of Economic Advisers. There is no economist on there that has what you might call rural economics, agricultural economics. Seldom on the Federal Reserve Board do you really find anybody that is rural oriented. Once in a while you find a man like there was a man by the name of Evans, from Iowa, some years ago, far more rural oriented. Most of them are from the big banking structures or from the economists or people that have been primarily industrially or urban oriented.

Now, they are needed. We must not look upon them as enemies. But we have got to have a compound here where there is some infusion of what I call rural talent into things like the Federal Trade Commission, into the Small Business Administration, and I cannot help but say that I think the Department of Agriculture has a glorious opportunity which it is not seizing. It is still oriented to the thirties. It is still oriented to the ideas of the old triple A, thirties. It still has not seized on two things; namely, the importance of agricultural income because there is no rural development without agricultural income. You cannot borrow yourself into prosperity. You have finally got to pay it back and if you have got corn selling, as in Minnesota, at 90 cents a bushel, I do not care how many loans you are going to get, you are going to go broke.

You cannot live on 90-cent corn and 18-cent hogs. It does not work. It goes down the drain. You have got to have a Department oriented toward income and secondly, that has this new thrust of how you build up rural America, the relationship between that town and that farm, between that city, Bowling Green, if you please, and the farm area around it, and this has got to be in the Department of Agriculture. If it is not, the Department is going to dry up.

We almost lost the Department anyway this year. They were going to abolish it. Of course, if you have got a problem, one way to do is abolish it, you know, but we decided that would not happen and we sent the word to the White House and a few other places. Even though the child was lax, the baby did not look so good, it was our baby and we were going to keep it around a while.

Do you want to toss in a few comments? [Laughter and applause.]

Mr. HAIGH. I have one other comment I might make with reference to—farmers home financed rural water companies. We are operating under an insured loan situation with a $4 million loan.

One point that I would like to make, I would like to see some steps taken to get any organization past the first year or two of interest payment because invariably, as I have observed, most of these rural water systems get in trouble before they ever even get off the ground. We are already in hock $218,000 back interest and there is no way in the world we can help it. We must try to make it up as we go along. Hopefully, a waiver of interest program, or transfer to the end of the loan period, can be worked out.

Senator HUMPHREY. You know, it is very interesting, we are so good at helping a hell of a lot of people. I have supported foreign aid. I do not come here pretending I do not because I still do, but we develop the Inter-American Development Bank, in which the Government of the United States is the largest stockholder.

We have two windows in that bank. One is what they call the regular loan, the other the soft loan, one where you fight with the banker and the other where he puts his arm out and says welcome, friend. Two windows. But no matter which window you go to, when we established that bank under the Alliance for Progress, we said the first 3 years is on us, you know. No interest. No payment on principal. Get your feet on the ground. Get started. And then we started applying the interest rates. And, of course, it was over 25-, 30-, 35-, 40-year loans.

Every country in the world that has rural development has a 40-year loan program except the United States. Of course, we loan them the money so they can have it. We are stupid sometimes, you know.

Really, I have been in Germany and Scandinavian countries, new towns in England, in France, where they want to—knock a good deal of money out of the consortium of which we are the largest member. They have 40-year loans, grace periods, 3-percent money.

You never would have gotten rural electric started in this country at regular commercial rates of interest. You had to have 2-percent money and it has been the best thing that ever happened to the farms. General Electric has gotten rich selling toasters to them. And a few other things. A great thing.

What I am getting at is, if we are going to do this, and I want you to think about it, we have got to start fighting for it. We have got to quit testifying and get tough about it.

We had a Marshall plan for Europe. What did we do? We said look here, buddy, you are in trouble. We will give you $20 billion—that was the pledge—over a 5-year period and you can start planning, $20 billion. Congress said that. And Congress said we will deliver.

Now, what do we say to our own people, we say start planning and if you can get any money out of us, we will call it a good contest, sort of like the superbowl football, you know. Each team gets to the field and you make the plans. We have got the money, we will see whether or not your plans will work and you will see whether or not we will give you the money. So on down the line.

One year you get $500 million, the next year you get $300 million, the next year the appropriation is 6 months late. You have got to cancel out the contractor. He has got to take back the bulldozer.

This goes on all the time. You and I know this and it is about time we grew up. We could make the Marshall plan work because there was money on time with planning and commitment. Now we have got some guy on the moon, did we not, from Ohio, by the way; I believe that is right. He did not get there because somebody decided, you know, it is a good idea and we will fool around with it. We made a commitment. We said that we would do it in a time frame of less than 10 years and we said we would put up the money and every year the NASA came to the Congress with the commitment, the Congress appropriated the money, and it was there on the job and we did it 1 year in advance.

Now, everything that has been done in this country such as when we produced the atom bomb, same thing, everything that really has

been done, a major breakthrough. We had to have the commitment, the plan and resources on time and the trouble with rural America and urban America is we can start it and it is sort of like that; what is that dance they used to call the one-two, one step forward, two steps back, shuffle to the right, shuffle to the left, two steps forward, one step back. It is an interesting dance but no way to run a government. But this is what we have been doing.

What we are trying to do in this rural development business, what we are trying to do with our legislation, and this is the secret to it, is an adequate amount of capital available at all times regardless of whether Congressman Latta or Senator Humphrey is in Congress. In other words, you do not have to worry about who is elected. It is in the bank. If you have got a project that is worthwhile, you ought to be able to tolerate either a Democratic or Republican in Congress because the money will still be there and if your project is not worthwhile there is not going to be any money there. It is going to be judged on the basis of plans and the feasibility with a banking look at it, with experts and people that know something about finance.

I do not know anything about all that finance. I am no banker. But I think that we—the best I can do is help set up the structure to make it run and that is what we want you to look at in our program.

Again, I want to remind you of the act of Mr. Bellmon that he introduced, the one that Senator Dole has, the gentleman from—the Senator from Kansas, Senator Pearson's bill, our bill that is the one sponsored by 50 Senators. We are not arguing about whose bill it is going to be. We can put this all together. If it is any good we will all claim credit for it. If it is not, we will give it to the other fellow. You know that has been done before.

So you take a look at this legislation and give us your input.

Thank you.

Shall we take a 5-minute break? Then the next witness we will hear from, following this little break here, is Dr. Hollis Moore, who is the witness and I am very happy to say, president of the Bowling Green State University, in about 5 minutes.

(A recess was taken.)

Senator HUMPHREY. May we have your attention and cooperation We are privileged to have with us now the president of Bowling Green State University, Dr. Hollis Moore.

I want to say to you how much we appreciate the hospitality of this university and the cooperation that we have received from everyone here in planning this hearing, President Moore.

We are grateful that you have found time to come to us this afternoon. We will welcome your statement.

Is Congressman Latta still here with us? He will be back up.

Go right ahead.

STATEMENT OF DR. HOLLIS A. MOORE, PRESIDENT, BOWLING GREEN STATE UNIVERSITY, BOWLING GREEN, OHIO

Dr. MOORE. Mr. Chairman, I am very honored to appear before you this afternoon. I am particularly pleased that our Congressman, Mr. Latta, can be here also.

On behalf of the entire university community, I certainly want to reaffirm my earlier words of welcome and appreciation and express our

pleasure that Bowling Green State University was selected as the site for this important line of congressional inquiry.

I wish also to offer brief comment on the university's interests in better serving our students and the people generally of this rich and highly productive agriculture-industrial region.

In addressing myself to the specific interests of your subcommittee, Mr. Chairman, I intend to focus on the role of the university as a force for change and service, most especially in northwest Ohio, and the role being carried out by the university in assisting students in finding jobs upon graduation. More than do our colleague institutions in the cities, Bowling Green State University attracts a large number of students from rural and small town areas of Ohio—53.2 percent of our freshmen this fall were from high schools with graduating classes of under 300.

I have on numerous occasions reminded myself, as well as the faculty, staff, students, alumni and friends of this institution, that Bowling Green is by law and in every other sense of the word, a "State university." In reality, the term "State" carries with it a very special meaning, one not to be forgotten as we look to new levels of service and aspiration for this institution.

On one hand it means that our fiscal life—the basic operating support of this university—comes from tax dollars appropriated by the Ohio General Assembly in concert with constituent interests, along with tuition paid by students and their parents. More importantly, the word "State" means that the university serves the State, and if enlightened and responsible, it can in fact shape the future growth and economic vitality of the region.

The land-grant tradition in this country is an admirable expression of this research-and-service concept, and as you know, it is being emulated in many countries around the world. Yet, the land-grant universities have become exceptionally large in these 110 years and have developed heavy commitments to research far beyond the normal requirements of the institution. It is, therefore, important to the welfare of this country that State universities such as Bowling Green are ready to share and I think even to expand the land grant concept written into law by Senator Morrill. It is entirely possible, Mr. Chairman, that universities such as this one may in fact be the most responsive institutions in the last quarter of this century to the needs of our society. On campuses such as this one may be found the creative organizational response to tomorrow's economic challenges to the individual—in research and service as well as in teaching.

We have the potentiality of being an unusually strong university with aspects of genuine excellence and high quality. We can at the same time address ourselves to the changing manpower picture in northwest Ohio and can alter our education and training programs in ways to serve effectively the goals of our students and the needs of employers represented in this region. Some of the most critical data to be injected in the stream of academic decisionmaking are analyses of manpower demands—those which seem to fluctuate as well as those which are rather consistent. Manpower information has not always been respected by institutions of higher education and taken into account when planning, but it simply must be so in the 1970's. I hope Federal sources of data will be analytical, current, and wholly reliable and that departments of the Federal Government will fully share information with us. I want our university also to do a far more

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effective job in adult education, not only as a kind of university of second chance for those who botched up the first chance or had it botched up for them by changing manpower needs and shifting changes in the work scene but also as a place where life-long learning can occur for people all the way from the rural worker on hourly wage to the top executive. I know that no geographic area really develops to the fullest in this modern age unless there is a great university close at hand, a university concerned and committed. It is this kind of a contribution that I have as a goal for Bowling Green.

Out of a long tradition as regional institution it dealt primarily with the education of teachers for much of its history but more recently has expanded into other fields. That expansion is not capricious or self-serving but is aimed at realistic career goals. I personally have hopes that within the next few years we can develop three or four additional major professional prgrams beyond those we have now in the area of business, fine arts, journalism and education. I am hoping these will not be along the old traditional lines but rather will respond to the needs that this region has, the kinds of jobs that are emerging tomorrow not the jobs that are left over from yesterday. More immediate awareness by universities of important national data is essential. And while our emphasis is regional, we are aware that patterns and processes discovered on the broad national scene may, because of the migration phenomenon, be in fact our most significant data.

Mr. Chairman, I am certain you will agree with me that there is a paucity of precrisis planning in most colleges and universities. However, Mr. Chairman, every now an then we do some things right, and I cite, for example, the decision of this university to appoint a special student employment advisory committee. Last February we appointed a student employment advisory committee, broadly representative of employment groups and organizations in the region around the State, which launched an immediate investigation into the increasingly serious dilema of student job placement, specifically jobs for our 2,500 graduating seniors. Even teaching jobs, Mr. Chairman, in rural areas are becoming more and more scarce.

Backed by staff assistance from one of the most effective, alert, and energetic placement bureau operations in the country, this 14-member task force, after 1 month of intensive inquiry and analysis, offered 31 recommendations for immediate implementation and 14 long-range goals to be pursued.

While I will not attempt to recap specific committee recommendations and considerations—I do wish, however, to submit for the record the committee's report and other pertinent documents, I can report that the thrust of the committee's work has substantially strengthened the university's total effort in finding jobs for graduating seniors.

With respect to the northwest Ohio region, and in concert with some of the concerns of your subcommittee, Mr. Chairman, I might also note that we have reciprocal service-assistance agreement with many of the small colleges of the region, and that a special effort is being directed toward the job placement of individuals from minority groups. Seminars have been held for area business and industrial recruiters on approaches to the employment of individuals from minority groups, and this university will sponsor a "Black Career Day" on Febraury 24.

In assessing regional needs, we are also quite concerned about the relationships between Bowling Green State University and the emerging 2-year technical-vocational oriented institutions of this region. We sense a need, a desperate need, in fact for the development of a master plan for postsecondary education in the region involving both the private and the State-assisted institutions, and in fact, are moving in a number of ways initially to bring about cooperative program development. Currently we are providing consultant and auxiliary staff assistance for some of the 2-year State-assisted institutions.

Through the Office of Continuing Education, our primary outreach effort, we are attempting to work with industrial firms in the region in the development of leadership and human relations training programs. We are also working with a truly forgotten group in our society—the so-called settled-out migrant—not only in terms of basic social and welfare needs, but economic as well. I cite, for example, our leadership training programs with settled-out migrants, efforts to bring a greater degree of economic viability for them. We are now engaged in efforts to increase college attendance among young people from the migrant population. Title I of the Higher Education Act, by the way, has provided valuable funds for this program.

The foregoing, Mr. Chairman, represents a skeletal sketch of this university's involvement with the northwest Ohio region and our efforts on behalf of students to launch their careers despite restrictions inherent in the current job market. I have also touched briefly on my perception of future roles for Bowling Green State University.

In conclusion, Mr. Chairman, I sincerely hope my position is clear on present and future directions of this institution. To be sure, we are a major social, economic, and cultural force at work in the northwest Ohio region. Public service is an integral part of our mission. We are to some extent, and we will to a larger extent, continue to address ourselves to the pressing needs of this region in concert with State and national interests.

Thank you for this opportunity to appear before you today.

Senator HUMPHREY. Mr. President, just a word of information about Bowling Green University. Do you have a medical school here?

Dr. MOORE. No, sir; we do not.

Senator HUMPHREY. Engineering?

Dr. MOORE. No. There is a medical school which is connected with us in a way through cooperative arrangements and we have some adjunct appointments with members of a medical college. Ohio established a medical college completely separate from any university a few years ago—only 30 minutes' drive away.

Senator HUMPHREY. One of the great needs as you know, of rural America is health care.

Dr. MOORE. Right.

Senator HUMPHREY. And I think we have been leaving this subject primarily up to doctors, economists, and I really believe it is a matter of planning and for the use of the doctors and members of the healing arts.

I was speaking to some of your students here a moment ago during our recess. I mentioned a paper that had been delivered here today, testimony by Mrs. Rose Papier, and I found that paper to be highly instructive and, of course, filled with all sorts of factual data.

I am so anxious to get our universities, particularly in the humanities and social science fields, involved in trying to find—to propose ways and means to meet some of these problems.

One of the gentlemen that I met as I was in the recess period here, said he was worried about the thrust of any program that seemed like it was strictly, you know, Federal Government doing it for people and I think that is a valid concern that anybody ought to have. But if the Federal Government is not going to do it, then somebody else has to do it.

The problem is here and I prefer that somebody else get the cooperation and some of the resources of the Federal Government but that we do these things at a local level, local planning, local participation, and really local community action.

Dr. MOORE. As soon as we get involved in local planning, this whole area of health field begins to come to the forefront. I think we will be into this area for two reasons, No. 1, because any time we look at the needs of the region, the needs for delivery—efficient, effective delivery—of health care is there.

The other thing is that as we look around and say all right, so some of the traditional job markets are filled, where are the areas that are still open?

Senator HUMPHREY. Right.

Dr. MOORE. Almost always comes the answer, almost immediate answers; the health careers area, and we are now engaged in trying to find ways to get people involved. We just employed our first consultant to the university to advise us. This university, without a medical college, without ambitions for a medical college, can still look at the delivery of health care and the ways in which we can train people in 2, 3, 4 years, 5, whatever it may be, something shy of a medical doctor degree.

Senator HUMPHREY. One of the areas—I just toss it out for the public hearing here—we were at the University of Nebraska and Chancellor Varner spoke to us and gave us several very good suggestions and during our deliberations there at the university, there was the proposal made of how a university professorially; that is, the professional staff, professors, associate instructors, associate professors, et cetera, full professors, could be made available to local communities as consultants and as a kind of a service reachout, an extension of college or university service into the community.

There are specialists on these faculties in economics, specialists in planning, specialists in social problems. These are people that are highly educated. And I was much taken with this proposal because——

Dr. MOORE. As you said earlier, that is a great idea in other——

Senator HUMPHREY. Exactly. We tapped some of the great resources of our universities for many things overseas and they have done it well and I think it has been an enriching experience. It is a two-way flow.

Chancellor Varner proposed—Mr. Thornton here is our staff director—rural development institutes. This would be a part of the land-grant program.

One of the proposals he had was setting up a number of these institutes throughout the country where you—where the university takes the lead in the indoctrination and education and the program planning in rural development. Has that been brought to your attention in any way?

Dr. MOORE. No. But when you suggested it I would still like to make the idea in here that it not be limited to the large land-grant institutions, 50 or so in the country. When a university is in the process of development it has somewhat more flexibility to move and take on new assignments than after it reaches its maturity. I think that a State university such as Bowling Green, is more in that stage of development than some of the more mature land-grant universities. I would hope the land-grant system would not be the exclusive system.

Senator HUMPHREY. I would, too. By the way, the land-grant university was the first federally aided university but it was aided through land grants.

Dr. MOORE. That is right.

Senator HUMPHREY. Now we aid our universities and colleges in other ways now, through actual cash and loans.

Dr. MOORE. All of which we are grateful for.

Senator HUMPHREY. All of which are greatly needed but I think again, here is an opportunity, or as you said, I think very rightfully, helpfully, to expand this whole concept of the university and college and its relationship to the total community. Instead of just looking at land-grant colleges as they were originally designed to help that pioneer that came and opened up Middle America and the West and try to improve the mechanics and the arts and agriculture, now we have the university structure that is related to an entirely new social structure.

Congressman Latta?

Mr. LATTA. If I may, I want to say, Dr. Moore, I am very pleased with that statement you make on page 3 of your testimony. I think it should be a goal of all the universities of the country to follow what you say there. I want to repeat those words. "I want to see our university concerned about what happens in northwest Ohio and I think other universities ought to be concerned with what is happening in their individual areas, concerned about training people for jobs." I would like to say, Dr. Moore and Senator Humphrey, that just this past week I interviewed people looking for office jobs who had been trained as teachers. I think we have got to start tailoring our educational programs to the needs of the country. When we have an oversupply of teachers, for instance, we should try to guide these young people to other fields.

Continuing your statement, Dr. Moore, "People who know the value of work and education, who have an appreciation and respect for the traditions and the promise of this country."

I think that is a tremendous statement. I want to compliment you for it.

Senator HUMPHREY. A splendid statement, Dr. Moore. We are very, very grateful to you. We are just grateful that this university has taken the time to be host to us and that you have taken the time to counsel with us and we will share some thoughts with you. You are undoubtedly in deep trouble now. We will be in communication from here on out.

Thank you very much.

Dr. MOORE. Mr. Chairman, as president of Bowling Green State University, I am honored to appear before you and your subcommittee this afternoon.

On behalf of the entire university community, I wish to reaffirm earlier words of welcome and appreciation, and express our pleasure that Bowling Green State University was selected as the site for this important line of congressional inquiry. We hope that your accommodations have been satisfactory and that you will return to Washington with the kind of information which may lead to some important legislative reassessment and developments.

I wish also to offer brief comment on the university's interests in better serving our students and the people of this rich and highly productive agriculture-industrial region. We sense almost daily new ways through which the interests of this region and the interests of this university can converge into more effective and useful patterns of service.

In addressing myself to the specific interests of your subcommittee, Mr. Chairman, I intend to focus on the role of the university as a force for change and service, most especially in northwest Ohio, and the role being carried out by the university in assisting students in finding jobs upon graduation. More than do our colleague institutions in the cities, Bowling Green State University attracts a large number of students from rural and smalltown areas of Ohio. Fifty-three and two-tenths percent of our freshmen this fall were from high schools with graduating classes of less than 300.

Since assuming the presidency of Bowling Green a year and a half ago, I have on numerous occasions reminded myself, as well as the faculty, staff, students, alumni, and friends of this institution, that Bowling Green is by law and in every other sense of the word, a State university. All too often this fundamental fact of life is either ignored or given the once-over-lightly treatment. In reality, the term "State" carries with it a very special meaning, one not to be forgotten as we look to new levels of service and aspiration for this institution.

On one hand it means that our fiscal life—the basic operating support of this university—comes from tax dollars appropriated by the Ohio General Assembly in concert with constituent interests, along with tuition paid by students and their parents. More importantly, the word "State" means that the university serves the State, and if enlightened and responsible, it can in fact shape the future growth and economic vitality of the region.

I have no interest whatsoever in Bowling Green following the great private university tradition of the East as its model. Instead I want to see our university concerned about what happens in northwest Ohio, concerned about training people for jobs, people who know the value of work and education, who have an appreciation and respect for the traditions and the promise of this country.

The land-grant tradition in this country is an admirable expression of the research-and-service concept, and it is emulated in many countries around the world. Yet, the land-grant universities have become exceptionally large and have developed heavy commitments to research far beyond the normal requirements of the institution. It is therefore important to the welfare of this country that State universities such as Bowling Green are ready to share and even to expand the land-grant concept written law by Senator Morrill of Vermont. It is entirely possible that universities such as this one may in fact be the most responsive institutions in the last quarter of this century to the needs of our society. On campuses such as this one

may be found the creative organizational response to tomorrow's economic challenges to the individual.

We have the potentiality of being an unusually strong university with aspects of genuine excellence and high quality. We also can help address ourselves to the changing manpower picture in northwest Ohio and can alter our education and training programs in ways to serve effectively the goals of our students and the needs of employers represented in this region. Some of the most critical data to be injected in the stream of academic decisionmaking are analyses of manpower demands—those which seem to fluctuate and those which are rather consistent. Manpower information has not always been respected by institutions of higher education and taken into account when planning, but it simply must be so in the 1970's.

Our university is now ready to conduct first-rate research on problems of our environment and our use of natural and human resources. We can also perform effective studies of business trends and we can provide excellent analyses of changing patterns in markets and in management principles. We can also provide cultural enrichment for this region of Ohio which will bring a quality of life that simply does not exist without the very best in terms of theater, music, art, and opportunities for rational discourse on problems of our times.

In addition I want Bowling Green to do a far more effective job in adult education, not only as a kind of university of second chance—for those who botched up the first chance or had it botched up for them by changing manpower needs and shifting changes in the work scene—but also as a place where lifelong learning can occur for people all the way from the rural worker on hourly wage to the top executive.

Now all these things a great university does, all of them have some resources, some experience to match our action agenda.

I know that no geographic area really develops to the fullest in this modern age unless there is a great university close at hand, a university concerned and committed.

It is this kind of a contribution that I have as a goal for Bowling Green. Out of a long tradition as a regional institution it dealt primarily with the education of teachers for much of its history but more recently has expanded into other fields. That expansion is not capricious or self-serving but is aimed at realistic career goals. I personally have hopes that within the next few years we can develop three or four additional professional programs beyond those we have now in the area of business, fine arts, journalism, and education. I am hoping these will not be along the old traditional lines but rather will respond to the needs that this region has, the kinds of jobs that are emerging tomorrow—not those that are left over from yesterday. More immediate awareness by universities of important national data is essential. And while our emphasis is regional, we are aware that patterns and processes discovered elsewhere may, because of the migration phenomenon, be in fact our most significant data.

Mr. Chairman, I am certain you will agree with me that there is a paucity of precrisis planning in most colleges and universities. However, Mr. Chairman, every now and then we do do some things right, and I cite, for example, the decision of this university to appoint a special student employment advisory committee last February 5—I might add, months before national news magazines drew national attention to the dimensions of the problem.

This special committee, broadly representative of employment groups and organizations in the region and around the State, launched an immediate investigation into the increasingly serious dilemma of student job placement; specifically, jobs for our 2,500 graduating seniors. Backed by staff assistance from one of the most effective, alert, and energetic placement bureau operations in the country, this 14-member task force, after 1 month of intensive inquiry and analysis, offered 31 recommendations for immediate implementation and 14 long-range goals to be pursued.

While I won't attempt to recap specific committee recommendations and considerations—I do wish, however, to submit for the record the committee's report and other pertinent documents—I can report that the thrust of the committee's work has substantially strengthened the university's total effort in finding jobs for graduating seniors. Getting placement staff members out in the field for face-to-face discussions with potential employers of Bowling Green State University graduates uncovered 1,895 new job opportunities. Alumni organizations throughout the country have been pulled together into a vital and effective employment opportunity network with the placement bureau as the coordinating link. As a result of these and a host of other efforts, including a wide range of "how to" training sessions for graduating seniors and action steps undertaken by colleges and departments within the university, practically all job aspirants were accommodated.

With respect to the northwest Ohio region, and in concert with some of the concerns of your subcommittee, Mr. Chairman, I might also note that we have reciprocal service-assistance agreements with many of the small colleges of the region, and that a special effort is being directed toward the job placement of individuals from minority groups. Seminars have been held for area business and industrial recruiters on approaches to the employment of individuals from minority groups, and this university will sponsor a Black Career Day on February 24.

In assessing regional needs, we are also quite concerned about the relationships between Bowling Green State University and the emerging 2-year technical-vocational oriented institutions of northwest Ohio. We sense a need for the development of a master plan for postsecondary education in the region involving both the private and the State-assisted institutions, and in fact, are moving in a number of ways initially to bring about cooperative program development. Currently we are providing consultant and auxiliary staff assistance for some of the 2-year State-assisted institutions.

Through the Office of Continuing Education, our primary outreach effort, we are attempting to work with industrial firms in the region in the development of leadership and human relations training programs. We are also working with a truly forgotten group in our society—the settled-out migrant—not only in terms of basic social and welfare needs, but economic as well. I cite, for example, our leadership training programs with settled-out migrants, efforts to bring a greater degree of economic viability for them. We are now engaged in efforts to increase college attendance among young people from the migrant population. Title I of the Higher Education Act has provided valuable funds for this program.

The foregoing, Mr. Chairman, represents a skeletal sketch of this university's involvement with the northwest Ohio region and our efforts on behalf of students to launch their careers despite restrictions inherent in the current job market. I have also touched briefly on my perception of future roles for Bowling Green State University.

In conclusion, Mr. Chairman, I sincerely hope my position is clear on present and future directions of this institution. To be sure, we are indeed a major social, economic, and cultural force at work in the northwest Ohio region. Public service is an integral part of our mission. We are to some extent, and we will to a larger extent, continue to address ourselves to the pressing needs of this region in concert with State and National interests.

Thank you for this opportunity to appear before you today.

Senator HUMPHREY. Our next witness will be Dean Roy Kottman of the College of Agriculture, Ohio State University. And I am going to ask Mr. William Swank, Ohio Farm Bureau, to also come forward, Mr. Al Herman, National Farmers Organization; Jim Ross, master, Ohio Grange; and Mr. Charles Nash, the State director of Organization Committee, Ohio Farmers Union.

This is a very fine representation with the dean of the college of agriculture and representatives of the great farm organizations of our country.

Is Mr. Herman here? Al Herman of the NFO? If he should come in, we will hear from him, too.

I am going to ask that we lead off this section of our testimony with Dean Kottman. We want to welcome you. Thank you for your attendance. Roy Kottman, Ohio State University.

STATEMENT OF ROY M. KOTTMAN, DEAN, COLLEGE OF AGRICULTURE AND HOME ECONOMICS, OHIO STATE UNIVERSITY, COLUMBUS, OHIO

Dean KOTTMAN. Thank you, Senator Humphrey, Congressman Latta. We are delighted to be here and have this opportunity to appear before this subcommittee and present our views with regard to opportunities for rural community development.

As we see it, rural development begins with an idea, it culminates with action, and action costs money.

Senator HUMPHREY. Do you want to repeat that?

Dean KOTTMAN. Rural development begins with an idea, it culminates with action, and action costs money.

Senator HUMPHREY. That is where you lose some folks on that last statement.

Go right ahead.

Dean KOTTMAN. Between the birth of that idea and the investment of funds—whether private, public, or a mixture of public and private funds—we have got to have research on the soundness of the idea, we have got to have education concerning the ramifications, implications, and alternatives surrounding the idea, and group action involving private individuals as well as public or private agencies and organizations.

I have two papers here, Senator; one that I was going to give and one that Riley Dougan, our assistant director of extension for com-

munity and natural resource development, was going to give, but I am going to give pieces of both, if I may.

Senator HUMPHREY. We will incorporate all of the full text.

Dean KOTTMAN. I am convinced there is a commitment on the part of a great many individuals and organizations to develop localized plans of actions with clear-cut objectives but what we need are additional means and mechanisms so that we can focus on those clear-cut objectives and get something done with them. The Ohio Cooperative Extension Service has a good delivery system just as yours does in Minnesota and all the other State cooperative extension services. We provide a lot of know-how to community leaders. We are working on rural community development. We work with USDA agencies, we work with all the State agencies, including the department of development represented by Dave Sweet, who testified here earlier today. In our work with all of the Federal, State, and local groups, we have already assisted many rural communities to arrive at sound decisions and to implement those decisions. Mr. Haigh was up here a minute ago talking about the Hillsboro water project. We were "knee deep" in that project at the time. This is what it takes. You have got to have an educational program, with appropriate studies and research to go along with it. This is really what constitutes the bulk of the one paper that I was going to give. That paper delineates a means and mechanism, and I think you have included many such means and mechanisms in Senate bill 2223—a lot of means and mechanisms.

One of the things I have tried to point out in this paper of mine is that it seems to me we need one other element that is not in S. 2223, and that is an element at the State level. We need some kind of rural development corporation within each State. I think the States have not put enough into rural development in terms of State effort. I would like to insure that this happens because so long as we have rural development as a Federal program, so long as we in the extension service exert our efforts primarily as an arm of USDA—admittedly also of the State but largely working on rural development as a USDA agency—it is like trying to push a log chain. We have got to have the Governor of the State, we have got to have all officials of State government definitely interested in putting some time, money, and effort into rural development so that they will have a selfish interest in seeing to it that it succeeds instead of just talking about rural development. This is precisely what I propose in my written presentation. We must achieve a partnership with the State that will be a realistic and sound partnership and then jointly provide some grant money for projects, because as Mr. Haigh said about the Hillsboro water development project, if you must depend on sales income at the very outset, you are going to be in deep trouble before you even get started. You must have some means of getting rural development projects off the ground.

So I think there has to be, and this is what I propose in my paper, some means for providing grant moneys to local communities. I think if we could take as little as $50 million at the Federal level and apportion it among the States on the basis of urban population, not rural, because a big part of what we are trying to do involves solving urban population problems by getting people back to the countryside, but if we could take $50 million in Federal funds and match it by the States, we would at the end of 10 years have $14 billion of rural development accomplished largely through private

enterprise. I have developed the rationale for that idea in my paper which I will leave with you.

Most of what I am talking about is in S. 2223, but the thing that is different——

Senator HUMPHREY. That is our rural development bank bill.

Dean KOTTMAN. Yes. But what I think is different about my proposal is that I am proposing establishment of a rural development corporation in each State. I am proposing, also, that we would establish a local board in each State, a rural developent board. (Cross section 12 to 20, again spell that out.) I think that we could then make the planning money available with no strings attached—State and Federal money—for planning, for looking at proposals and for such efforts as would be needed to answer the questions: Is it any good? Is it likely to succeed? And then we could go somewhere and borrow money to get something done about our proposals. But as it is, and you described it very accurately a moment again when you said, "All right, we might have some money to plan," so they start fumbling around trying to plan something without money and the first thing you know they are frustrated, "down in the mouth," and defeated before they get started. As a result, nothing happens out in the country where we want it to happen so if we can make available grant money for planning and then take those good plans that have been developed and use loan money to get the rural development job done, we will have accomplished our mission.

We must start first with public services. We have got to have results, not just talk. You can't create jobs and bring in industry unless you have public services. In this day and time there are just too many places that have adequate public services so that the places which do not have them before they attempt to bring in industry, are in trouble. They are not going to attract anybody. So we have to get the public service part of our rural development job done first.

This means 40-year loans, and low interest rates and the full faith and credit of the States backing those loans. If you are going to sell debentures for public service projects, you need the full faith and credit of either the Federal or the State governments in order to make the thing go. Having done that, I think we can find the additional loan money we need, whether through the bank which Don Woods manages or other private lending agencies, or the Farmers Home Administration, or through the Rural Development Bank that is included in S. 2223, the Rural Development Bank bill. I eblieve that we can get the credit we need and can move forward on rural development, but again, I would repeat we have got to have a means and mechanism. This is precisely what I think is most important if we are serious about rural development. Nothing will happen without our having a means and mechanism for it to happen.

I would like to tell you about a lot of things we are doing in rural development here in Ohio but this pretty little girl tells me the time is up, so I will stop.

Thank you very much.

Senator HUMPHREY. Before you take a look at that pretty little girl again, just let us talk here a little bit. Your proposal is a grabber right off the bat. I mean it really has great merit to it.

Now the Allen substitute for the rural revenue sharing for rural development purposes has just the medicine that you are talking

about for immediate action. Now, the difference between the proposal sent down by the President and the substitute proposal is the proposal sent down by the President took all the categorical programs that you have like Soil Conservation Service, abolished the commitments there and put it all in one lump sum and divided it up and said we will send it to the States and it added approximately $42 million of extra money for the whole country.

Now, what we have done in the Allen substitute is to leave the categorical programs as they are and then to take $500 million of new money that we will delegate—that we will pass out, a percentage of it to the States, a percentage of it to the multicounty districts, and a percentage of it to the counties so that you have funding going into several sources, so that the planning money you are talking about, for example, you suggested $50 million a year for planning to be distributed amongst the States and also some of that fund for developmental purposes, whereas the $500 million is—really that is a modest amount in terms of the total population of rural areas and that would be free money in the sense that it is not committed. It is not committed to, for example, a particular rural program. It is committed only to the States and the localities for whatever purposes that they need to put it to in terms of rural development.

There is a mystique of what we call, a descriptive section of what we call rural development, but that is all agreed upon. There is no argument amongst the groups or administration or the majority of the Congress. That is all agreed upon. The question is the amount of financing and what we call the freedom of choice of the use of that money and we would—what was the figure, 30 percent of the States that we were talking about? Thirty percent to the States, 40 percent to the multicounty units and 40 percent to local units. Thirty percent of $500 million is $150 million that would be presented in a sense to the Governors of the 50 States for them to use at a State level but it requires the mechanism that you are talking about and I want to compliment you for your candor.

Now, let us just lay it on the line. The Governors Conference meets and passes an excellent resolution on rural development but in many States there is no rural development agency. There is no emphasis. The Congress of the United States has passed laws about rural development but in the Department of Agriculture there really is no rural development office. I mean, you know, everybody in charge of everything is nobody in charge of nothing and we have got to have people that are really on the stick and on the ball that make this their project and who do we call on?

When you go, for example, if you want to talk rural development in State A, let us say—I do not want to pick out any particular State—but who do you talk to? The Governor is a busy man. He has got a lot of things to talk about. If you want to talk rural development you have got to have somebody to talk to. Is it the commissioner of agriculture? Is it your State secretary of agriculture? Does he have a division in his State setup that is really the rural development division?

When you talk total economic development that is rural development plus, and it is very important. Do not misunderstand me, but I think your points here of these rural development corporations, I think that is what you call it, in every State so that the funds that are federally allocated or federally available have a home, have a place,

and also that you have people assigned there that know what the score is, that is so terribly important.

Well, I just wanted you to know my view of it. This is going to be very helpful to us, this testimony. When we go back we are going to take final action on the Allen bill. I believe that has pretty general support now in the committee. But this will be very helpful to us because we will be able to tie in that bill.

Now, some descriptive analysis as to how this can work because this would be a beautiful way of making that extra money applicable, make it effective, to be able to have at every State in order to qualify for that money I would like to have it that you have go to have a rural development agency in your State, not just something that everybody gets his hands on. Rural development agency.

Congressman Latta, do you want to comment?

Mr. LATTA. Yes. I have know Dean Kottman a good many years and think very highly of him. I am intrigued, however, as how you get $14 billion out of $500 million. We are looking for answers like that in Washington. We would be glad to have it. I would like to talk to you about it.

I just want to say that Dr. Sweet mentioned here in Ohio we only have $5.5 million for development loan guarantees for the entire State. The figure seems awfully small, awfully small. I do not know what your Department can do down there to urge them in Columbus to give a little more in this area, but I think much, much more should be done. Thinking in terms of $5.5 million in development loans for this entire State, is just ridiculous.

Senator HUMPHREY. Again, that is the answer, you know, for people that are worried about this Federal Government moving in on you all the time. There is only one other choice—two other choices. Do nothing or have somebody else be around. I just have a feeling that we cannot have it both ways. If you do not want the Federal Government doing all these things somebody has got to do them someplace else.

Dean KOTTMAN. Senator Humphrey, members of the Senate Subcommittee on Rural Development, Governor Gilligan, ladies and gentlemen, my name is Roy Kottman. I am dean of the college of agriculture and home economics at the Ohio State University; director of the Ohio Agricultural Research and Development Center, and director of the Ohio Cooperative Extension Service. I am most grateful for the opportunity you have afforded me to appear before this committee to present my views with regard to opportunities for rural community development.

Rural development begins with an idea. It culminates with action—and action costs money. Between the birth of an idea and the investment of funds—whether private, public or a mixture of public and private funds—lies a need for research on the soundness of the idea, education concerning the ramifications, implications and alternatives surrounding the ideas, and group action involving private individuals as well as public or private agencies and organizations.

There is little point in going beyond the idea stage of rural development if there is not "at the end of the line" some means and mechanism to finance those projects which have run the gamut from idea to action.

I believe there is general agreement that one of the major goals of rural development is to bring jobs, opportunity, and a better life to

low-income, underemployed people in rural America. If that is our major objective we can only conclude that many of the areas where we will be working in rural development are those areas where economic blight has already set in or where the onset of it is not far away. It is under just such conditions that local banking and financial institutions are hesitant to make high-risk or even modest-risk investments. Thus, like the old argument about which came first, the chicken or the egg, there is need for some measure of community development to have been accomplished before conventional financial institutions can be expected to contribute wholeheartedly to the further development of their respective communities.

I would propose, therefore, that the Congress establish what might be called a rural development credit bank, the purpose and role of which would be to underwrite bonds and debentures issued by fiscal organizations which we might tentatively describe as rural development corporations. These latter institutions would be roughly parallel in their functions and responsibilities to our Federal Land Bank Associations or Production Credit Associations.

The rural development corporations which I propose are envisioned as joint Federal-State legally constituted fiscal institutions. It would be preferable for them to be established by legislative action in each State with basic funding from the sale of bonds carrying the full faith and credit of the respective States, or alternatively, by direct appropriation of State general revenue funds, or a combination of these two sources. We would recommend that appropriate legislation be accomplished in each State to establish the ———— (State) rural development corporation as a legal affiliate of the Federal Rural Development Credit Bank.

Under the plan which I am proposing each State rural development corporation would have access to a very sizable capitalization which would be made available at the time of its establishment. Such capital to be underwritten so as to assure the full faith and credit of the respective States involved. Individuals, agencies and organizations purchasing the debentures of the State rural development corporations would, therefore, be provided surety for their investments in these new credit agencies.

I recognize full well the uncertainties of recommending that State rural development corporations be essentially State government entities and the rural development credit bank a strictly Federal entity. If an alternative arrangement were deemed more likely to succeed, I would have no objection to the idea of Federal leadership for both organizations.

I am convinced, however, that the leadership of the office of the President of the United States as well as the respective Governors in all of the States will be required if we are really to get anywhere with enlisting the help of concerned citizens in the task of contributing toward a more rational distribution of our Nation's population and thereby assist in rural community development. I am convinced that only through rural community development can the objective of population dispersal, or alternatively, a more widely distributed population be accomplished. I believe that this objective must be provided the requisite initial impetus through a grant-in-aid to each of the States based not upon rural population but upon urban population.

An annual Federal appropriation of no more than $50 million distributed among the States in proportion to their share of our

Nation's total urban population, and matched by an equal contribution from the States, would provide the essential grant-in-aid funds to catalyze a great many worthwhile public facility projects in each State. This grant-in-aid money could be utilized within the State in support of rural development planning as well as for partial funding of rural development projects deemed most meritorious within each State. As an example of what this would mean, let us assume that Ohio might receive $2.5 million of the $50 million appropriated annually by the Federal Government. When matched by State funds, Ohio would have $5 million annually for its rural development corporation to provide grant-in-aid funds for worthy rural development projects. This would provide, if distributed equally to each of Ohio's 88 counties (which in all likelihood, it would not be), a total of approximately $57,000 per county.

If we estimate the cost of preparing plans and specifications at 7 percent of construction cost, the $57,000 of outright grant money per county would catalyze annually some $800,000 worth of public facilities vital to rural development in that county. On a statewide basis, this would result in $70,400,000 worth of public facility improvements, or 14 times the amount of Federal and State funds appropriated for this purpose.

It can be readily seen that if the Federal Government were to authorize grant-in-aid funding at the $50 million level, and if it were to be fully matched by the States for a period of 10 years, the aggregate appropriation to Ohio totaling $50 million would effect approximately $700 million of construction involving water resource projects, water and sewer systems, public recreational facilities, public access roads, public airports, and various other public facilities including educational and health facilities in keeping with the most urgent needs in rural communities throughout Ohio.

I would emphasize that the system of grants-in-aid might appropriately be phased out at the end of 10 years or some other suitable length of time. The major impact of the proposed Rural Development Credit Bank and the State Rural Development Corporations would involve funding for the construction of public facilities for which the outright grant would have provided the planning money. The Rural Development Credit Bank and the State Rural Development Corporations would also be expected to provide supplementary funding for the rural development efforts of private industry.

As the members of tnis committee are well aware, most public facilities must be designed to accommodate future population growth and secondary as well as tertiary benefits are most difficult to finance under conventional credit systems. Repayment of loans for construction of public facilities and even of private industrial developments in rural areas will necessarily involve extended periods for repayment and provision of a somewhat lower interest rate than is customarily involved in commercial credit transactions would be highly useful, perhaps essential.

When it is realized, however, that a total Federal appropriation of $500 million matched by an equal amount of State appropriations might very well catalyze a total of $14 billion in public facilities to be constructed in rural areas over a 10-year period, the enormity of the total credit extension need for such construction purposes becomes

apparent. It is unlikely that commercial lending institutions in the private sector would be in a position to underwrite such investments if for no other reason than the abnormally long period of repayment which would probably be required in order to give time for the community improvements to generate income. Since the public facilities increment of rural development will in all probability become, over time, but a minor part of the total development catalyzed by improved public facilities, there is reason to believe that ample opportunity would be afforded private credit institutions to utilize their available funds in the encouragement of private industry to locate or to expand in rural areas where public facility improvements had been made.

I am confident that the major thrust of rural development must depend upon private investment by business and industry (with wholehearted supported of private individuals). I am convinced, also, however, that such development will only occur in those communities wherein public facilities are being rapidly upgraded so as to make those communities a more pleasant place in which to work and live. It would be in the private money market through sale of properly issued securities that State Rural Development Corporations would seek the majority of funds needed by them to assist private business and industry as it sought to establish or expand in rural areas.

I believe it will be necessary for the Federal Government and State governments to provide a portion of the initial capital required by the proposed Rural Development Credit Bank and the State Rural Development Corporations. The Federal and State funds so vital to the capitalization of these institutions at the outset would be repaid to both Federal and State Governments over a period of 40 years, or other similar long-term period of repayment.

I envision that the State Rural Development Corporations would administer grants-in-aid to county or multicounty development units in their respective States. I believe that each such State corporation should function as an agency of State government under a Rural Development Corporation Board of Directors. Appointment to such boards should be made jointly by the Federal Rural Development Credit Bank, by the Governors of the States, by the State legislatures, and by the State banking associations. In addition, there should be elected representatives from each duly constituted development region within each State. Such a plan would likely result in a State board of directors comprised of 12 to 20 members.

Legislation pertaining to State rural developmentor cporations should be written so as to permit them to make loans to individuals, cooperatives, or corporations on the basis of future earning potential. In addition to the usual equity concept upon which loans are made by conventional banking institutions, both primary and secondary benefits to rural development should be taken into account in calculating cost-benefit ratios with respect to public projects and facilities as well as business and industry to be financed by the State rural development corporations.

In the event that what I have proposed be deemed to have merit, it would seem to me to be appropriate for this committee to draft a legislative proposal and seek favorable action by the Congress of the United States at the earliest possible time. Subsequently, it would seem to me that appropriate liaison should be initiated with the

State Governors and model legislative proposals prepared for transmission to Governors in all 50 States recommending enactment by the State legislatures.

In closing, may I again express appreciation for the privilege of appearing before this committee to suggest what I believe might be a helpful manner for all of us to proceed in getting more done about rural development than we have been able to do thus far.

Thank you.

STATEMENT OF RILEY S. DOUGAN, ASSISTANT DIRECTOR AND STATE LEADER, COMMUNITY AND NATURAL RESOURCE DEVELOPMENT, OHIO COOPERATIVE EXTENSION SERVICE, COLUMBUS, OHIO

Mr. DOUGAN. Senator Humphrey, members of the Senate Subcommittee on Rural Development, Governor Gilligan, ladies and gentlemen, my name is Riley Dougan. I am assistant director and State leader for community and natural resource development in the Ohio cooperative extension service. I am most grateful for the opportunity you have afforded me to appear before this committee to present my views with regard to opportunities for rural community development.

Much has been said in recent years about the serious problems of our large metropolitan centers, many of which seem to have arisen from overcrowding of people into land areas too small to accommodate them without undue abrasion. This situation has resulted from the relentless migration of people from rural areas to large metropolitan centers.

There would appear to be quite general agreement with the conclusion that something must be done to reverse this movement of population to our urban centers. The situation can be summed up by noting that in the last decade nonmetropolitan counties in the United States grew in population by 6.7 percent while metropolitan counties gained 16.6 percent. Experts are of the opinion that the natural increases of population growth are rather similar between these two groups. Thus, it is clear that nonmetropolitan areas have been unable to retain their population growth and did in fact export large numbers of people to metropolitan areas. It is estimated that the net outmigration was approximately 2.4 million people during the period between 1960 and 1970.

At this point I would caution that we constrain ourselves from overgeneralizing with regard to population trends and their implications. For example, a portion of the slower increase in population growth in nonmetropolitan areas can be attributed to the decline in farm population. During the last decade we find that the nonfarm, nonmetropolitan segment of the population rose by 19 percent. Percentagewise, this increase was greater than the national average and was even greater than the metropolitan average.

Here in Ohio, 27 counties either declined in population during the past decade, or increased less than 3 percent, while the State average increase in population was 10 percent. Problems of community adjustment in each of the counties where a decrease in population occurred

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are quite different than in those counties where a rapid increase in population occurred.

Some of the implications and considerations that we must keep in mind with regard to the future development of rural communities are these:

(1) The effect of population change on a community will vary, depending on the geographic location under consideration. In Ohio there are 14 metropolitan centers that have a very significant impact on the economic growth of the State. Every citizen is within approximately 50 miles driving distance of one of these metropolitan areas. Unless there are comparable job opportunities in the smaller communities, the residents will either drive back and forth to jobs in the metropolitan centers or move to those centers. It is clear that job opportunities must be provided right in the nonmetropolitan communities if the local people are to be held in their communities. Concurrent with job opportunities, local attention must be directed toward improving the quality of community services and facilities. Most nonmetropolitan communities in Ohio have urgent concerns on those matters, including questions with regard to finding the most equitable way to pay for those services and facilities.

(2) When the population of a community decreases, the average age of the remaining population tends to increase. Most often it is the younger families in the wage-earning years who move to the metropolitan areas. This leads to a set of concerns which involves problems of special services needed by those residents who remain and the even more difficult problem of find some way to pay for those services.

(3) It is my observation that a community that is losing population frequently tends to exhibit a defeatist attitude. Generating interest toward making progress among the leadership of such communities presents a very sizable challenge. As with many other areas of life—success tends to foster success and defeat tends to foster defeat. Those of us in the Ohio Cooperative Extension Service who are in the business of identifying and working with community leaders are faced with some of our greatest challenges in those communities and counties that are losing population. One of the best things we can do for such communities and counties is to demonstrate to them that better things can happen. They often need help to see opportunities which are realistic and that are within the realm of possibility to achieve.

(4) Educational attainment tends to be lower in areas of outmigration where population is declining. Teachers' salaries are lower, and there is a tendency for lower educational standards to be accepted by the community. Fewer alternatives are available locally for high school graduates and hence the value of education is depreciated.

(5) Health and medical facilities tend to be minimal in those areas that are experiencing outmigration. The following quote is taken from the publication "The People Left Behind"—a report by the President's national advisory commission on rural poverty. I quote: "Rural persons also have higher rates of injuries than urban residents, have more days of restricted activity, and lose more days from work due to illness and injuries than their urban counterparts. Injury rate from motor vehicle accidents is highest among rural non-farm residents because the rural poor do not have access to appropriate health services early in the illness. The result is much greater disability.

Regardless of income, rural residents average fewer visits by physicians per person . . . " End of quote. According to the report, although about 30 percent of the total population still lives in rural areas, only 12 percent of the physicians, 18 percent of the nurses and 14 percent of the pharmacists serve these areas. Eight percent of the pediatricians and less than 4 percent of the psychiatrists are located in rural areas.

(6) Observation leads me to believe that public facility development is a much greater need in our rural areas than in their metropolitan counterparts. These facility needs range all the way from sewer and water facilities to library and health facilities for the total development of the individual.

(7) Most of the most important and most needed community improvements are highly dependent upon the tax base in terms of the ability of local governmental units to support such improvements. Payment for needed community facilities and services can come only from increasing the industrial or property base or from increasing personal incomes, or from taxes on goods and services that are consumed by people who either live in the area or visit the area as tourists. Before major improvements can be made in community facilities and services, the rural community must determine forthrightly what improvements are most important to that community and then decide how that community will pay for them.

(8) It has been said that one of the characteristics of our rural areas is that the expertise of the local government is largely undeveloped. This may or may not be the case. Our extension educational programs are designed to help in upgrading the expertise of local government officials and help them to realize their capabilities for discussion and decisionmaking.

(9) There are many advantages to living in our rural communities and these advantages need to be highlighted so that they can be understood by all segments of our population. In most rural areas there is a lesser concentration of people and, hence, there is usually less pollution of air and water, less congestion of persons relative to the goods and services available, less traffic, and fewer tensions all of which seem to be associated with the abrasions of a high population concentration such as is found in our metropolitan centers. There is even evidence of greater individual responsibility in rural areas where populations are smaller and people are acquainted with one another. Our smaller communities literally make it possible for "individual identity" to be maintained.

My intent in this enumeration of metropolitan and nonmetropolitan characteristics is not to catalog all of the implications of rural to urban population shifts, but rather to suggest that there are very real and urgent opportunities for development in our rural communities, both those that are losing population and those that are maintaining a steady state or even increasing in population.

The problems associated with overly rapid urbanization can be as traumatic as those associated with a declining population.

It is, therefore, important for us to recognize that every community is different from every other community and, hence, has its own unique set of problems. The solutions to community problems are likely to be somewhat different in each community and for that reason must be arrived at on a community-by-community basis. We

have no choice but to accept every individual community situation as given, and proceed from that point to find the means of helping each community to arrive at the most feasible alternatives to meet its unique situation.

Educational assistance is vital to our rural communities in helping them clearly to identity their best opportunities and to direct concentrated attention toward acheivement of community objectives. Our rural communities have many resources that can be brought to bear on their problems once those problems are identified and local commitment is made toward solution of those problems. Unfortunately, much of what has been done so far is just talk. We must establish the means and mechanisms to help individual communities come to grips with priority problems. This includes the means and mechanisms for funding of community development projects.

I am convinced that there is a commitment on the part of many individuals and organizations to develop localized plans of action with-clear cut objectives but what we need are the means and mechanisms for accomplishing those objectives. Through our cooperative extension service we have an educational delivery system that includes a tie-in with all levels of government including local, State and National.

The Ohio Cooperative Extension Service has both the delivery system and the commitment to provide the know-how needed by community leaders to bring about rural community development. Working with USDA committees, State and local groups we have already assisted many rural communities to arrive at sound decisions and then implement those decisions.

Perhaps some in this room are familiar with the fact that all of the USDA agencies in Ohio have banded together with local, State and other Federal agencies in a special pilot project to effect what might be thought of as rapid adjustment on a communitywide basis. I am referring to our new I 70–77 community resource development project which encompasses the Cambridge Ohio trade area. Our purpose in this recently initiated pilot project is to demonstrate what can be done by way of making dramatic improvements in the major aspects of community life through the maximizing of Federal and State agency efforts and combining those efforts with local initiative and local support. Based upon the outcome of this pilot project, our future endeavors will include the possibility of establishing similar rapid adjustment communities in other communities throughout Ohio.

An important part of the Cooperative Extension Service effort in community and natural resource development has involved working with community officials to provide them with information on ways of paying for local community facilities and services which are needed if progressive community development is to be achieved.

During the past year we have involved leaders from 27 counties in 10 seminars on State and local finance and taxation. More than 600 community leaders attended these seminars, including State legislators; elected city, county, and township officials; local school officials, and many other community influentials.

In the coming year, this work will be expanded to bring both women's and youth groups into this educational endeavor.

Our extension community development faculty members are working also to establish what we call development study committees.

These committees provide a mechanism to help community leaders identify and find workable solutions to problems that are impeding the growth and development of their communities. During the coming year we'll be setting up development study committees in 15 counties and over the next several years we expect to initiate this effort in all 88 counties.

A critical concern for every community, as well as for our State and Nation as a whole, is land use planning. Extension emphasis during the past year was given to examining the pros and cons of zoning with an effort to insure that the extension service maintains its proper, unbiased, educational role. Although much remains to be done, it is gratifying to note that as of December 31, 1970, rural residents had voted on zoning in more than 60 of Ohio's 88 counties. A total of 576, or more than one-third of Ohio's townships, have approved rural zoning.

Communities are, of course, concerned also with the management of their vital natural resources other than land. During the past year, four educational films produced by the Ohio Cooperative Extension Service were shown a total of 45 times to an Ohio television audience estimated at more than 350,000 citizens.

Also, during the past 12 months, our Cooperative Extension Service assisted eight communities to secure a Farmers Home Administration grant to make a detailed study of water and sewage disposal needs. Three counties were assisted in securing loans to establish rural water systems. Extension helped five communities obtain grants and loans to alleviate sewage disposal problems by assisting community officials to make application for such grants and loans and to develop their proposals to the point of their being approved for funding.

Effective solid waste disposal continues to be a major problem in many rural communities in Ohio. In 28 communities, extension is currently helping develop and put into operation a solid waste disposal program.

Slides and script dramatizing the techniques of solid waste disposal have been developed and provided to all 88 county extension offices. Area extension faculty in community resource development, as well as extension specialists, and county extension agents have assisted township trustees, mayors, and county commissioners in understanding the problems and alternative solutions to solid waste disposal.

May I reemphasize that all of us at the local, State and Federal levels of involvement must find ways of increasing the tempo of our efforts to work together in assisting communities on an individual community-by-community basis. To do so will require a substantial increase in resources available for use by the local rural community leadership. In some communities this means availability of credit, in others it may mean outright grants, in most cases both credit and outright grants will be required if anything meaningful is to be gotten underway. In all cases educational and planning assistance is needed to find the appropriate means of tapping local private resources.

The time for giving increased attention to rural community development is now. This includes giving increased attention to farm production and the marketing problems which beset our agricultural producers. Growth of the agricultural sector is vital to overall rural community growth. We must continue to improve farm income with greater missionary zeal than has characterized our actions in the past.

Successfully speeding up rural community development will require both Federal and State resources to supplement local efforts. I am firmly convinced that we have the necessary agencies to accomplish the task which confronts us. Those agencies, if adequately funded, could effect rural development in a manner that would elicit accolades from all quarters. As it is, we are making progress but I believe that all of us are here today because we believe that more rapid progress in rural community development would serve the best interests of our communities, our State and the Nation.

In closing, may I again express sincere appreciation for this opportunity to appear before your committee so that I might express on behalf of the Ohio Cooperative Extension Service and the Ohio Agricultural Research and Development Center a pledge that we welcome the challenge and opportunity of working with all other agencies and organizations in what we hope will be a greatly expanded program for rural community development.

Thank you.

Senator HUMPHREY. We are moving along to the next witness. The gentleman from the NFO I just heard is attending their convention in Kansas City. So he most likely will not be with us today. That was Mr. Herman, I believe. So the next witness is Mr. Swank of the Farm Bureau, executive director of the Ohio Farm Bureau.

STATEMENT OF C. WILLIAM SWANK, EXECUTIVE VICE PRESIDENT, OHIO FARM BUREAU FEDERATION, COLUMBUS, OHIO

Mr. SWANK. Thank you, Senator Humphrey and Congressman Latta. I come representing some 55,000 farm families and members in Ohio. We do recognize the problem of rural development and commend you and your committee for dealing with it and coming out to find out something about it.

My paper indicates we share the last comments, that is, that we have been studying a great deal and it is time to get on with it. In fact, I include a formula that breaks down like this. Study plus feasible program minus rhetoric equals rural development programs doubled. Taking rhetoric out adds a good deal, the thing you are looking for, Congressman Latta.

I am going to mention four different areas that concern us in this whole field. One is economic development, one is regional services, another is health, and a fourth is equity of access to Government services by those in rural Ohio and rural America.

First, in economic development, vocational and education and retraining for those talking of technology or opportunity who want to leave the land. In this area we have the Penta County Vocational School, which is a sterling example of what can happen when people want vocational training and retraining to be available, and the Chrysler Co. is one who has located here and says many times they came because there are people that work in our factory and have been trained.

Senator HUMPHREY. Mr. Swank, may I just interrupt. The thing about vocational training which was mentioned here by the dean also is that somehow there is a kind of snobbishness in intellectual communities about vocational education and I say this. I have got enough degrees to paper the walls, I have got a lot of them, and I think there

is a tendency in the intellectual community to look down upon these vo-tech schools. I say this most respectfully at a great university. But somebody has got to be taught to do some things. This idea just to be thinking philosophically, all those radar things up there somebody has got to be able to fix the television. Somebody has got to be able to put in the sewer. Somebody has got to be able to build a house. Somebody has got to be able to do the work. And I think that for years when I was growing up as a young lad they said if you went to vocational school that is because you just were not smart enough to get into the regular schools and I think there is a lot of that snobbishness still around.

If they do not watch out at the intellectual level it is going to be turned around, people are going to figure out if you are not smart enough to go to work you are going to go to college. They will turn the tables.

One of these days somebody is going to have to do the work. I have been in these foreign countries—I have been in India. They have got more Ph. D's. I suppose maybe some of them are now fighting in the Army but they have a lot of them. They just did not get around to getting the factories going, did not get around to even protecting the environment.

I want to put a plug in for giving some status to vocational education. So if your brother is going to vocational education and you are going to the university, you do not come home and say, "hi, dummy." You look at him and say, "I hope you make enough so I can afford to go to school." Somebody has got to earn the money, produce the goods and services, and that is what we are talking about here and that is what Dr. Moore was talking a moment ago about, orienting the college and university not only to the liberal arts—I am a liberal arts man but I went to pharmacy school to make a living. I had to learn something before I could get into teaching and I would hope now we have some emphasis upon this as you are speaking here of vocational education.

Mr. SWANK. I think the fact that they are earning now more money than college graduates may help.

Senator HUMPHREY. That is helping a little.

Mr. SWANK. Well, retraining, and I indicate some of the factors here that we do have many people in agriculture, for example, that have extra time and do want to be employed, people who can stay on the land and their family incomes can be good even though the income from the farm itself may not be adequate and that is what rural development is partly about.

I suggest that the funding programs for vocational schools be two-thirds Federal and one-third local rather than vice versa because in the Appalachian area where this has been done local people have voted local shares and a great deal of training in that area has taken place.

In fact, people who are very knowledgeable, give some good reasons of why vocational training should be funded that way.

My second point is in rural credit, and if we are going to have rural development we must have credit and this has already been spoken to by others on the program. Farmers Home Administration, Farm Credit Administration, the new Farm Credit Act that has been passed by both the Senate and the House, will be quite helpful. I think there has to be credit available for some of these community development facilities.

The Rural Electric Administration and all these things have to be important in this or we will not have factories or industry of any kind in rural areas

Also in this area there is a prosperous agriculture You just cannot have rural development if you have poverty in agriculture. This again, has to be an important part of it.

I mention one of the new things that I think is important now in some segments of agriculture and will be important in virtually all segments of agriculture and that is the ability of farmers to have some bargaining power in agriculture. I refer here to the Sisk bill now before Congress as one of those worthy of being enacted into law that will give those who want to get involved in a bargaining situation the ability to do so, and right in this corner of the State of Ohio, we have a great number of people, Senators, who want to be involved in bargaining who have been very frustrated in the process of going up against big companies who do not really want to participate.

I think the Sisk bill and a bill in the Senate, Senate bill 1175 are worthy of that kind of consideration and will be helpful in the future.

Senator HUMPHREY. Have you taken a stand on the Mondale bill in the Senate?

Mr. SWANK. Only to say the Sisk bill is our preference. The Mondale bill gives more Government involvement by far than we think is necessary and is perhaps appropriate to the situation. The Sisk bill makes the Government a referee in the ball game rather than a player on the field and we think that is where it ought to be.

We talk about industrial incentives and again that has been spoken to before. Federal credit incentive should be helpful.

I pass on to regional services because there is a natural tendency among people not to want to have governments intermixed or consolidated but certainly there is a place where government services can be shared and we do have economic districts, planning districts, local governments of all sizes, all carrying on automonous programs but many things can be done more equitably and more efficiently if government services are shared. I happen to be president of a city council in a small city in Ohio and I know that we have a natural tendency not to want to get together with bigger municipalities, and yet I know, too, that it is a very important feature and it is one that rural America needs to think about, too. We can combine local services without necessarily combining local government.

The third area is health and you already mentioned we have many places in Ohio where health services are not adequate; physicians are not available. We answer that by some additional training, allowing paramedical people to perform services. A lot of things are talked about being done but very little is being done in making sure that rural Ohio has good medical care.

The last point is equal opportunity for government services and I point out here that in 21 counties there is no full-time bureau of unemployment services and you have to make an appointment as a person in one of these counties to go in and see about geting a job.

Now, we have plenty of evidence that there are problems of unemployment in rural Ohio and better access to those people who can help will be important.

One last point that I make, many rural people say do not make rural America a dumping ground for the urban ghetto problems. We

have got to have a basis on which to accommodate people. Otherwise we just have massive problems in two areas. Let us build a sound base to handle problems before we have gobs of new people that have the same frustration that they left in the inner city.

Thank you.

Senator HUMPHREY. Thank you very much. We will incorporate all of the testimony in the record.

Mr. SWANK. Mr. Chairman, members of the Committee on Rural Development, I come before you today representing 55,000 farm families in Ohio to say just as succinctly and bluntly as I know how—if we don't start taking a look at rural America, its problems and potentials, in a serious and honest manner that leads toward solutions (with a thought of solving these issues), we will have on our hands one of the most serious domestic problems ever to face our Nation.

Time is running out. We have the 1970's to do it. If it isn't done then, it could very well be too late.

Let me state at the outset, that we salute you, Mr. Chairman, and your committee for taking time to look at our problems, but in the same breath to say—many of us feel as though we've been studied to death. We feel rural America has received an abundance of rhetoric and a minimum of meaningful action.

We hope that after you go back to Washington and sift through all of this testimony your formula will be: S+FP−R=2RP.

For a breakdown of this formula it would be: Study plus Feasible Programing minus Rhetoric equals Rural Programs Doubled.

So that I might not be accused of being long on rhetoric and short on feasible programing, let me say that our testimony today is based on four main categories—(1) economic development; (2) regional services; (3) health; and (4) equity of access to governmental services.

Let us look at economic development first. As trite as it might sound we believe that if a man doesn't have a buck in his pocket to spend, life in this land of opportunity loses its luster. The very key to opening up rural America is to open up opportunities for rural people to get and hold jobs. Thus, to do this four keys are important.

1. VOCATIONAL EDUCATION AND RETRAINING PROGRAMS

Within a few miles of here is the Penta County Vocational School, which has served truly as a model and innovation for all of vocational education in Ohio. Within 1 year after the establishment of this vocational school, the Chrysler Co. located one of its major stamping plants next to this facility. Their top executives have said many times that their reason for locating in this area was because of the Penta County Vocational School, and its ability to train a potential labor force. I refer to this situation only to say that we need to accelerate many times our effort in vocational education.

We have a massive need in rural areas for retraining programs. Farmers leaving the land with limited skills must be retrained for a better life elsewhere. Forty-five percent of our farmers produce 90 percent of our agricultural products, while 55 percent produce but 10 percent of the farm products.

Herein lies a major problem. Too many farmers are on the farms that are not productive enough to support them, thus they must seek part-time employment elsewhere. Agriculture is credited with this dilemna but in reality it is a problem of society.

We suggest that the formula for reimbursing local schools conducting vocational and retraining programs be reversed. That it should be two-thirds Federal moneys and one-third local moneys, and even at this ratio we will find it hard to meet all of our needs.

The Appalachia program in southern Ohio is an example of the testing of what can happen if additional funds are made available. In all but one instance taxpayers have voted for these vocational educational facilities, where such two-thirds to one-third financing occurred. Vocational training costs are more than rural communities can bear.

2. RURAL CREDIT

One of the most important needs of farmers in the rural community in the decade ahead is that of adequate credit for development of programs on the farm and in the rural community. The Federal Government needs to give attention to keeping strong credit programs available, through such programs as Farmers Home Administration and Farm Credit Administration for access by farmers.

The rural community has great needs which will demand assistance by grants and loans from State and Federal Governments. Thus, we recommend that funds be available for programs of pollution control, for assistance of water and sewer facilities in the rural communities, and for community development which will help to introduce social and economic programs into rural communities, as exemplified in 701 funds available for adequate planning programs. Loans for industrial development in rural communities and the strengthening of Rural Electric Administration programs so that no community is lacking in the availability of electric power facilities.

3. IMPORTANCE OF A PROSPEROUS AGRICULTURE

Strong rural communities are dependent upon a prosperous agriculture. The records will show that wherever farm incomes have declined, so have the rural communities.

In order to retain prosperous agriculture, we believe legislation is needed to provide farmers with the tools to establish price and other terms of production and marketing of their products before they are produced. Farmers can no longer afford to make a big investment in the production of any commodity and then market the commodity at a price that is below the cost of production.

We believe the Sisk bill, now before the Congress, provides the framework for effective bargaining in agriculture. In addition to the ability to bargain, we believe farmers should be protected from secondary boycotts which could bankrupt producers of highly perishable commodities such as fruits and vegetables.

Because of our ability to produce, it is important that we continue to expand exports of agricultural commodities. Protection from having farmers continue to be the innocent victims of dockworkers strikes and other similar situations could help materially in this area.

4. INDUSTRIAL INCENTIVES

We are hopeful that the Federal Credit Incentive for Industrial Development will be meaningful in enticing industry to locate in our

rural areas. We feel, though, that additional incentive can be just as meaningful such as added assistance in individual industry pollution control problems; the making of access roads readily available; incentives for retraining programs, and many others.

The second general area is regional services.

In Ohio today we have 2,224 official local government entities. All are charged with varying degrees of responsibility for providing services to our citizenry. No way, as our rural society gets more complex, do we see many of these groups coping with the problems confronting them. Feeble efforts are being made today with varying degrees of success to develop workable intergovernment relationships. Ohio has councils of governments which to date have proven less than successful, because of the existing provincialism within various groups.

We also have economic development districts, which to date have been little more than project coordinators for their respective agencies—be it economic development administration, Appalachia, or others.

We also have a proliferation of planning groups such as regional planning commissions; county planning commissions; and so forth. Many of these have come about through Housing and Rural Development—701 funds. Too many such plans are collecting dust with little visible effort or plan for initiation.

Somehow, some way, we must convince local governments to develop meaningful working contracts for joint sponsorship of services that can cut across jurisdictional lines. It seems that services such as fire protection, road maintenance, ambulance service, sewer and water, police protection, tax collection, health facilities, and growth planning are all things that can best be provided on a regional basis, not necessarily township or county.

Prototypes must be tested and successful aspects of them must be marketed to our local authorities.

The third area is health.

In order to provide better health care for people in rural ares we make two recommendations—more health personnel and more emphasis on prevention of illness before it occurs.

The major personnel need is for more family physicians which can be provided by establishing departments of general practice in medical schools, by incentives for general practitioners to settle in rural areas and by allowing trained paramedical personnel to perform some services now performed only by medical doctors. Improvements in the preventive approach can be established by making mass screening and immunization programs readily available to everyone, by strengthening county, State, and Federal departments of health and by strong support of the comprehensive health planning program.

A national health care program is needed by which every American can have access to quality health care regardless of income, which should make comprehensive health coverage available to everyone. We need a new health care system which makes maximum use of strengths of our present system and which uses government funds judiciously. Action should be taken simultaneously to improve the organization and delivery of health care and to improve the financing of health care.

Last, we propose that rural America be given equal opportunity to government services. It is no secret but sometimes seems to be a sur-

prise to people when they find that rural America in the past decade has not been given the same equity of access to government services that our more urban America has. A case in point is our bureau of employment services. In 21 rural counties in Ohio there is no full-time bureau of employment services personnel, or services available to the people.

According to Dr. Daniel Strut, Director, Rural Manpower Service, U.S. Department of Labor, 25 percent of our people live in rural counties; 33 percent of our poverty is in rural areas; but only 13 percent of the resources of Department of Labor go into this area.

This is but one example of the many existing discrepancies that exist Others could be sighted in housing, welfare, health, and so forth, if time permitted.

We are not saying that rural America should receive all of the attention—just give us our proportionate share and we'll certainly see a marked improvement.

Another, and final concern that we have is—don't make rural America a dumping ground for the urban ghetto problems. It worries us when we hear people talking about "a mass exodus" to the rural area. We feel there is great potential in rural America, but first let us get our feet on the ground in coping with existing problems before massive efforts are put forth in transferring urban problems to rural areas.

We have appreciated this opportunity to present our views and wish to invite you back to our great State.

Senator HUMPHREY. Mr. Ross, master of the Ohio Grange.

STATEMENT OF JAMES ROSS, MASTER, OHIO STATE GRANGE, COLUMBUS, OHIO

Mr. Ross. Senator Humphrey, it is indeed a pleasure to appear before your committee and I am not sure just how you got to chair this committee but they could not have picked a more admirable man on rural development than you, and I congratulate you for chairing the subcommittee because I know your knowledge of rural America is very great and I commend you for it.

I am glad that you have the distinguished Congressman from this area with you because we certainly hold him in high esteem here in the great State of Ohio.

I assure the lady she will not have to call my 5 minutes because I am not going to read all my testimony. I think that we basically covered today the major points that are connected with rural development. I think one of them has to be financing. I think one of them has to be better roads because we cannot develop rural America if we cannot get the people out of them once we get them in it.

I think we have to have better telephone service. We have an excellent electrical service now through experience in the REA. We have a terrible communications problem telephonewise. People do not have telephones or if they do, they are on a 12-party line or else they do not have the service, and it is always out of order. We cannot develop any part of rural America unless we have a communications setup that will work.

We touched the problem of doctors and I think that is essential if we are going to develop rural America, going to have people living there, we are going to have to be able to encourage people to go out

there and take care of them. We cannot expect them to get on a super highway when they are sick in bed and drive 60 miles to a doctor.

I think there are two or three basic things that I would like to share with you. I have had an opportunity to have an orientation on your proposal on a Rural Development Bank when I was in Charleston, W. Va., and I might say the staff people that came down there did an excellent presentation. I think there has been much planning. I commend you and the Senators who have sponsored this bill because I know there has been a lot of work on it and I think that it has merit and can really move forward.

I would call your attention to only two parts of my written statement and one of them has to do with financing. At the bottom, where it says we should support legislation to provide needed rural financing within present programs or enactment of new legislation that is needed, top of page 2 also that any rural financing plan should be so designed that it meets the financial needs of rural America and in addition provides some sound financial planning. I think you have done just that in your rural bank plan. I think there are probably four priorities that we ought to take a look at. One of them, I think high priority needs to be placed on development of a long-range statewide plan. That has already been mentioned here today, considering multicounty markets, and so forth, and I think this is so essential.

I think, No. 2, we need a high priority on improved education, training, and health and that has already been here and I point out some of the outreach program.

I think, No. 3, we need a comprehensive rural development program and that has already been talked about here, aimed at improving the physical environment and certainly we are going to increase rural America as my distinguished colleague, Mr. Swank, has said we have got to do something about farm income. This means nonfarm jobs as well as on-farm jobs if we are going to enhance it.

No. 4, I think we need a comprehensive program of technical assistance to local governments so as to assist them in improving their efficiency. These things can work if all of us get to work instead of talking about it, we can do the job but we certainly need to plan to go ahead and I appreciate the opportunity of appearing before you.

Senator HUMPHREY. Congressman Latta, do you have any questions?

Mr. LATTA. No.

Senator HUMPHREY. We will come back to you, then, Mr. Ross.

Mr. ROSS. Mr. Chairman and members of the committee, my name is James Ross and I am speaking to you today on behalf of nearly 70,000 grangers here in this Buckeye State. I hold the position of master or head of our organization with headquarters at 1031 East Broad Street, Columbus, Ohio.

I want to thank you for the privilege of appearing before you and to also commend you, Senator, for holding these hearings in several States. I am sure that your feelings are the same as mine in that if the problems of rural development are going to be solved, the people of rural America must have the opportunity to express themselves.

The farmers of Ohio, as well as other rural residents, are concerned, as I am sure the rest of rural America is, with how we proceed with a a development program.

One of the most important concerns of the farmer is the importance of agriculture to our total economy, and more important—the need for an adequate income. This he has been deprived of for a long period, and I hope that the Government will take care of this problem first as a beginning toward a sound development program.

I, as well as my organization, believe that in order to improve our environment, a greater incentive could be offered in conservation practices which would not only help relieve our surplus production but could increase farm income and, at the same time, be a tremendous help in assuring clean air and water which must be a part of American life—both rural and urban.

The Grange believes that rural development must have broader financing as well as some basic standards of rural living. I will share with you some of our delegate action at our recent convention and I quote:

Whereas, there is an urgent need for more adequate rural financing, and

Whereas, the individual needs of agriculture, rural housing and rural development should be considered separately and as they together make up the total rural economic picture: Therefore, be it

Resolved, That the Grange lend its support to legislation which would provide the needed rural financing within present programs or by the enactment of new legislation, and; be it further

Resolved, That any rural financing plan be so designed that it meets the financial needs of rural America and in addition provides sound financial planning.

I would also like to State our position with regard to enhancing the quality of life in both rural and urban places as we look toward population redistributions. In order to have a significant and meaningful rural development program, we recommend:

1. High priority should be placed on developing a long-range, statewide plan for development that considers multicounty market centers, an adequate resource base and the desires of local people. Responsibilities for planning should rest on special appointed committees.

2. High priority should also be placed on improving the education, training, and health of rural people. A special need is for outreach programs to work directly with low income hard-to-reach families in both vocational training and health care.

3. A comprehensive rural development program, aimed at improving the physical environment to encourage the growth of nonfarm jobs, is badly needed. Examples of need in rural areas include highways, the expansion of water and sewage facilities and recreational fa ilities.

4. A comprehensive program of technical assistance to Local government is needed to assist them in improving the efficiency of routine functions and in planning for orderly growth.

While we agree with the principles of revenue sharing back to local communities, we also realize that many of the present proposals would take away many of our basic concepts. One, as an example, would be the highway trust fund. We have experienced what medicare has done to social security and we certainly need to guard against any deterioration of money needed to maintain our highway systems in rural America which are so vital in any development program.

We are also concerned about the President's proposal for the realinement of his Cabinet. While he has decided to keep the Secretary of Agriculture, he also seeks to take many of the Department's functions and distribute them to other agencies. This we cannot see. The farmer must have a spokesman for agriculture and to fragment the Department would only further weaken our position. We cannot, in my opinion, develop rural America without first improving the income of the Nation's farmers.

I again want to thank you for the privilege to present our thoughts to this committee and I pledge to you our support in developing a sound program that will not only rebuild and develop rural America but will also enhance the lives of every rural citizen.

Senator HUMPHREY. Now, Mr. Nash, Ohio Farmers Union.

STATEMENT OF CHARLES NASH, STATE DIRECTOR, ORGANIZATION COMMITTEE, OHIO FARMERS UNION, LEIPSIC, OHIO

Mr. NASH. Senator Humphrey, Congressman Latta, I am Charlie Nash, the chairman of the advisory committee of the Ohio Farmers Union and director of organization of the Ohio Farmers Union. I am a farmer in Putnam County, near Leipsic.

Mr. Chairman, I believe I can assure you that the farmers of Ohio endorse, in principle, your efforts in behalf of rural development. However, I have just returned from a series of membership meetings—most of them in northwestern Ohio—in which we have asked our members—each of them—to describe the problems they face in their own communities. These have been educational meetings—educational for me. I will try to summarize what I believe our members have said, and interpret its relationship to rural development, as it is being discussed by the Congress and Senate, and as it is being translated into legislation.

Our members are saying, loud and clear, that their most serious problem is in their business—farming. It is this business that dominates their lives, as well as the economic and social structure of their rural communities.

Our members are saying that until, and unless, this business can be improved, nothing else that can be done will save their communities.

They told us in these meetings that they needed property tax relief. They need lower interest rates. They need better health care at more reasonable prices. They need better schools, more recreational facilities for young people, higher social security income for their elderly, extension of rural water systems, and other improved community services of a varied nature.

But, they say, until—and unless—the net farm income situation is improved, none of these things can save their communities.

I feel that it is necessary to emphasize this point because of the reports I read from the Washington office of the Farmers Union. These include reprints from the Congressional Record, news clippings, copies of speeches by Congressmen and Senators, and bills introduced. I search in vain in this information for reassurance that "rural development"—as it is currently being discussed—would deal with the real problems of rural America as our farmers see these problems.

In fact, I am distressed to find that "rural development"—I use the term in quotes—appears to be designed to stimulate every business in rural America except the biggest one—farming. The "rural development" which I have been reading about would, in other words, help everyone in rural America but farmers. It would help farmers indirectly perhaps, by providing more nonfarm job opportunities. I assure you they need them. But we do not see real "rural development" as only helping farmers leave the farm. In truth, they are being "helped" enough in that direction—by large corporations which dominate and destroy their markets, by the squeeze of rising costs and declining

prices, by high interest rates which have impoverished farmers and enriched big banks, by a farm program which does not help the farmer produce for the needs of the market, and by the failure and refusal of our legislative and executive branches of government to adequately fund even the farm programs which have been authorized.

To merely provide more jobs for rural people—and then more sewer lines and running water perhaps—does not halt this trend. It might even speed it up.

Our members do not want to leave the farm. They do not want to move their families from their rural communities. They want to stay. They want their children to stay.

Senator, I would respectfully suggest that the new Rural Development Credit Bank which has been proposed will have missed its greatest opportunity to fill a need if it merely provides additional credit for more industries and community services. Farming is an industry. It produces commodities—the most essential in our Nation. It provides employment—more jobs than any other industry in rural America. If we are talking about economic development in rural areas, should we not also provide credit young farmers need to establish, expand, and modernize their farming operations at the same time we are providing credit for other industries to establish, expand, and modernize their operations?

The sense of what our members have told me, I believe, is that any rural development program enacted into law should state as its central purpose the revitalization of the biggest business in rural America—farming. Its purposes should include a commitment to catch up programs to rebuild and re-establish services in rural America which have been destroyed and devitalized by our neglect of the central problem. These, to be sure, should include programs to create more jobs, and credit to make rural communities fill the needs of people. But the program must also help farm people stay on farms, and help young people see in rural America the opportunities which brought about the development of our Nation in the first place. The program, in other words, must be geared to the needs of farmers in rural America, not nonfarmers. The program must help people stay in agriculture, not get out of it. That, I believe, would be real rural development.

I appreciate the opportunity to participate in your hearings. If you have questions, I will be glad to try to answer them.

Thank you.

Senator HUMPHREY. Thank you, Mr. Nash, for a very candid statement.

Now, let me just sort of set the record straight. There are six subcommittees of the Senate Committee on Agriculture and Forestry. Five of those are directed toward rural income, farm income and farm credit. This is the first time that we have given any real serious consideration to things that affect rural families. When you are out there on the job you can be as rich as John D. Rockefeller or Nelson or anybody else but if there is not a doctor when you are sick, you are in trouble. So, we think there have got to be rural health programs. You have got to have good roads and you have got to have water and sewers and it does not make any difference how privately wealthy you are, you are not going to get it unless there is a public program, and I am for the commodity programs. I am 100 percent of parity man. I am for bargaining for farmers as much as I am for bargaining

for trade unions but I think the Farmers Union is making a serious mistake, and I say this as a very loyal friend, to look upon the rural development aspect as anything but in the interest of the well-being of the farm family. I have said in the first place, you start with the farm income. You cannot borrow your way into prosperity.

We just passed the S. 1483, a greatly expanded act, passed by both Houses of Congress. I am going back to Washington tomorrow morning to try to get a subcommittee meeting to complete the work on the grain reserve program that passed the House. I am the author of a similar bill in the Senate. We do not include that in rural development because that is related directly to the farm production, to the farm income, farm marketing program. I am the author of that proposal in the Senate. Also the author of a proposal to change from the set-aside program to the base acreage program, things that I think will work. I do not want to get us into the posture of where it is either/or. We need both. But I thoroughly agree with you that the essential ingredient to rural development is money. Profit from your production on the farm. That is where we start. No doubt about that.

But I want to say that unless somebody in that Congress starts speaking up for you rural people, and they are not all living on farms—you know, we are talking about people in cities below 35,000—unless somebody speaks up for you you are going to get run over like you never lived because this Congress today, with 75 percent of the people living in cities, with one man, one vote in the House of Representatives and even with States now becoming more urban, in elections, really, what counts is the number of votes you get, not the quality of votes you get. I know. I have been short. I have been on the short end of those votes. I know what that means and what I am trying to do with this subcommittee is get somebody to say look, if it is good to have clean water in Minneapolis it is good to have it out where I live in the country and if it is good to put a sewer system in St. Paul, it is good to put it on out there in Marysville Township.

And I am simply saying that you are not going to keep your kids down on the farm or anybody after they have gone through high school or 2 years of college and have found out that there is something else in life besides tilling the soil. You are not going to keep them if there are no good schools, good hospitals and any doctors or if the roads are no good and if you cannot fly an airplane.

This is a different game, a different day and age. Money is vital to farming. Any family has got a little business. We lived in the rural part of South Dakota, my family, and we were no more prosperous than the farmer who walks in that day. We know that. If he has not got it we do not get it. You cannot make money out of people who do not have it.

I am for rural income, farm income, for the farmer who tills that soil. I am no 90-cent fellow. I think he ought to get a minimum of $22 for hogs, not the 18, 19 stuff, and I know the price of cattle. I used to say when we sold eggs for so little out there it was hardly worth the wear and tear on the hen. [Laughter.]

Really, when I stop and think what I pay for eggs at Washington, D.C., 65 cents, 75 cents a dozen, and go home to Waverly and 19 cent grade A, super duper eggs, with the rooster cackling as well as the hen every time you got an egg, I know the difference about farm

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income but I want to make very clear that my objective here is to get two things, get the price up on the soybeans, on the milk, wheat, corn, oats, grain sorghum. I know them all. I have been at the business a long time. Get them up there so you get a living wage and a little profit.

I believe in the profit system real good. And then on top of that I want you to be able to have a little music, you know, a rug on the floor, a piano in the house and color TV and be able to have the kids go into town and see one of those fancy movies and that is what we mean in a sense, to put it frankly about rural development.

So we are on the same wave length. I do not think you are really scolding me. I know you read all that stuff I put in the record but I agree with you there are some people who have kind of lost track of Mr. Family Farmer.

Not this man. I am not a corporate man; 12 years on the Committee on Agriculture, 10 years before they fired me out of the Government, now I return by request. I went back on the Committee on Agriculture.

I am going to tell you something. They really look at you psychologically if you ask to go back on it. You know, literally there are no votes there. Let us face it. If you want to take a look at the ball game, in my State of Minnesota, 67, almost 70 percent of the people live in the large cities. Forty-five percent live in Minneapolis and St. Paul. When I go out there and hold a hearing on rural development they say what happened to the mayor? He was mayor of Minneapolis. He is out talking to those farmers now.

I think it is just justice, that is all. I consider this and your work, my work and the Lord's work and I hope he carries a lot of the burden here. We are going to need some help around here.

Now, after having listened to my soliloquy, do you want to rebut? [Applause.]

Mr. NASH. The only comment I have to make, that voting record you spoke about is excellent.

Senator HUMPHREY. Thank you. Your commendations are excellent. I think there is a—we are on the same team here on these programs and I hope that—by the way, Ohio does present, may I say, a more happy picture in terms of cooperation, getting objectives done in agriculture than some places. I really mean that most respectfully when I see you men here. I am very grateful to you.

Congressman? Do you want to make a speech, too?

Mr. LATTA. It is kind of late in the day. I do want to ask Mr. Swank a question about his statement. He points out that the farmers have been innocent victims of the dock strike. How true but how can we get the Congress to help them. Can you give us an answer.

Mr. SWANK. One of the answers is some additional legislation, I think, some powers in the hands of the President if that is where it lodges, similar to the Dole bill or something like that so we can solve the dock strike, at least keep the products moving, and this one piece of legislation which I understand will be heard again in some similar bills would at least get at the problem. There has got to be some better way than to have grain piled up on dirt and spoil and get rained upon, it gets involved with our balance-of-payments problem. We lose export markets forever sometimes. We put farmers out of business on the west coast because they cannot move their products, and here we have very few people doing great injury to a great industry and we are innocent victims as you well say.

Now, I just feel confident there has to be some additional legislation that does not destroy the negotiating process between the management and the workers, but that does look—if it is a perishable product, say either sell it or smell it. That is where we are.

And if you think about the little people, we have little people in agriculture, the farmer, who simply gets wiped out. We have got evidence of this in this last go-around where he simply gets wiped out because he cannot move the products.

Mr. LATTA. I need not tell you this west coast dock strike has been devastating as far as the farmers' interests are concerned.

Mr. SWANK. And east coast and g ulf coast as well. Our grain here goes east and it has to go east and out to ports if it is going to move. We lose markets to other countries and do not get some of them back.

Senator HUMPHREY. The port of Duluth was opened all the time, on the Great Lakes. Right through the Great Lakes, St. Lawrence River. There was the biggest escape hatch that the world has ever known and they did not want to use it very much for some reason. I had to go to the Government to get the Government-owned grain shipped out of the port at Duluth, trying to transship it by railroad out to the west coast where there was a dock strike on. They knew there was a dock strike and I was representing my State. I went down to Washington to fight more for my State and I said what is wrong with the port of Duluth, largest grain shipping port in the world? Not one strike.

You want to know what the trouble is? They will not bring these big ships up through there because there is a little problem that relates to the maritime, shipowners. They do not like to come up through there as much as to pick it up at the gulf ports. I do not represent the gulf ports. I represent Great Lakes ports and I am a tough representative. I told them to get those ships up there and quit bellyaching. Lots of movement up at Duluth-Superior.

Mr. SWANK. You also had the problem of getting grain freight rates and everything else, prohibits going to the——

Senator HUMPHREY. That is another thing that is wrong. That is what we ought to be cracking down on in part. I agree with you that that dock strike went on too long. The President had authority under Taft-Hartley to end it. It is a tough job. I know. He used it eventually. If he uses it too quickly—if he does not use it he catches the devil from somebody else.

But again, there are differential rate structures. For example, it is more expensive to ship up and out of Duluth than ship another way and I think that is part of this whole business we are suffering about in agricultural America. We have been discriminated against. We are victims of discrimination in freight rates in the South for years. The pattern still remains. My dad went out there battling for the St. Lawrence Seaway, the McNary-Houghton bill before me. That is how I got into it. W. Ellis Arnold, the Governor of Georgia fought the good fight. We in the Midwest and South have got something in common and I will tell you what we have got in common. We get rooked by other parts of the country once in a while, in certain instances. There is no easy answer.

Mr. SWANK. No easy answer but there has got to be one, else we helplessly stand by.

Senator HUMPHREY. A terrible problem.

Mr. SWANK. Terrible problem.

Senator HUMPHREY. All right. We thank you very, very much. We have another group of witnesses and we are just about to the end of our day here.

Mr. Casarez, we welcome you here, and Reverend John Bank, is Reverend Bank here? Barry Sprink.

We are going to call on you first, Mr. Casarez, then John Bank, and Mr. Sprink. I guess that is the three in this group. Thank you very much.

We will start with Michael Casarez, executive director of La Raza Unida Migrant Labor, and we want to welcome you in particular. We have been hearing a good deal today about migrant workers. We want to get your observations here.

STATEMENT OF F. M. CASAREZ, EXECUTIVE DIRECTOR, LA RAZA UNIDA DE OHIO, FINDLAY, OHIO

Mr. CASAREZ. Thank you, Senator and Congressman Latta.

My name is Mike Casarez. I represent La Raza Unida of Ohio. La Raza represents 18 communities in the State of Ohio. Fourteen of them are in small towns or rural communities. We also have a development program that serves migrants.

On behalf of La Raza Unida I wish to say we appreciate the opportunity to say a few words about the migrant worker. As I was coming here today and listening to testimony it strikes me that an old Spanish saying applies with regard to speaking about the migrant worker and that is "La pregunta es necia." The translation is the "question is a *nuisance*." (Literally: imprudent.)

My testimony that I have submitted is skimpy compared to that provided by others, primarily because the problems are so many, like saying the question is a nuisance, it boggles my imagination as to just what portion of the problems to present to the Committee on Rural Development.

In Ohio, when you talk about the plight of the migrant, one must also consider the plight of the processor that processes the farm grown food or products and the grower.

The processor, to increase his profits, must push for mechanization and automation wherever possible. He needs funds to support research and development. He will need Federal money to help him accomplish his goal of modernization, mechanization and automation.

The grower is faced with new developments that clearly show that mechanical farming will do away with the need for housing stoop laborers. In addition, he is faced with the specter of unionized stoop laborers and with that, increased demands for better wages and working conditions and better housing and perhaps even providing fringe benefits to, as many people say, "these people."

The migrant worker in Ohio has seen some improvement in housing during the past 2 years. However, for the majority of some 30,000 workers that come to northwestern Ohio, plus their families, housing is still poor. The worker has not seen an increase in his wages while still existing in an economy in which the price of goods and services continues to rise.

In tomato harvesting, the migrant has seen seven mechanical harvestors in 1969 increase to 74 in 1971. Each machine displaces some 60 workers, according to my information. Each machine employs some 14 workers for a shorter period of time. I understand that the mechanical harvesting will use these workers for some 2 or 3 weeks compared to 6 or 8 weeks to harvest by hand.

The migrant worker, one of the problems, not part of the written testimony, but I understand that the migrant worker helped to harvest a $20 million tomato crop in the State of Ohio this year. He got about one-fourth of that in wages, or around $5 million. The migrant, according to some State officials in the State of Ohio, is estimated to leave some 60 to 75 percent of his wages in the community in which he works. Just a quick estimate, from tomatoes alone, he spent some $3 million here in the State of Ohio.

The sugar beet industry is, for all practical purposes, mechanized. The pickle industry, which I understand is some 5 years new to the State of Ohio, is already beginning to mechanize.

In short, the plight of the migrant in Ohio will soon be nonexistant. The migrant will be left with two options. One, becoming a ward of the base State in which he lives, and two, pursue happiness in the industrial States. Ohio happens to be one of the great industrial States of this country.

For the Senate Committee on Rural Development, this should mean legislation which facilitates the settling-out process. A lot of this has already been covered by people who have testified to you today. It means that the migrant worker will have to be included in housing plans. He will have to be included in vocational training and free services such as hospitalization, year-round clincs that serve him, and so on.

Those that remain in the migrant stream will continue to need services. This should mean that more and better use of existing facilities should be made such as the 1971 project in Fort Campbell, Ky., there should be more of those. I am sure that if my memory serves me right, the United States has closed several military posts during the past 10 years. Many of these—I know that the National Rifle Association has used one of these military posts for their yearly exercises. I think that these facilities could be used for something not as militaristic as that but they could be used to serve the migrants as they traverse the country.

Of course, I have mentioned unionization. La Raza Unida is not a unionization effort in terms of laborers. So we believe that the person to turn to as far as solutions to the unionization of the farmworker should be the leader in the field of unionizing farmworkers, Mr. Cesar Chavez, and we believe he should be consulted in this area.

I thank you for the opportunity to address your committee again and if you have questions I will be happy to try to answer them.

Senator HUMPHREY. Thank you very much, Mr. Casarez. I want to especially thank you for your thoughtful paper here. While short it is packed with information.

We do consult with Cesar Chavez, I want you to know. I am very well personally acquainted with him. He is a tremendous man.

Mr. CASAREZ. Yes.

Senator HUMPHREY. A tremendous man. We will come back to you.

Mr. CASAREZ. Despite a growing awareness of the plight of the migrant farmworker and efforts to aid him, in many respects his situation is worsening.

As the American society has become more affluent, the migrant worker has drifted further away from the mainstream. This is reflected in the fact that his wages have remained relatively steady while the cost of living has risen sharply.

While legislation has been passed for improved housing regulations, enforcement has been lacking. On several occasions, outreach workers from La Raza Unida have called on county sanitarians to inspect camps that were obviously below standards. Even at the beginning of the growing season, the outreach workers have observed cabins filled with flies because screens were torn or absent; doors that cannot be properly latched; and mattresses that are filthy and torn. Migrants frequently complain that garbage cans are not emptied, and overflow.

Most migrant children do not receive an adequate education. There are some good efforts being made to remedy this situation, but only a fraction of the total number of children benefit. The fact remains that the families are on the move, even while school is in session; that their enrollment is regarded as only temporary by the school system; and that makeshift facilities are used as classrooms for the few weeks that the migrant children are enrolled. For example, in September of this year, one of our outreach workers discovered that one school system had some 30 fourth-, fifth-, and sixth-grade migrant children in a garage that was serving as a temporary classroom. The local elementary schools were, in fact, already overcrowded.

The problem of education cannot be separated from the problem of child labor. Many migrant youth are truant because they are working in the fields during school hours. The parents do not send the children to school because they need the added income that the children bring in. The crew leaders get their percentage on the wages paid for child labor. The grower is interested in getting the crop harvested as quickly as possible, and welcomes a few extra hands. In defense, the growers have told us that they cannot be responsible if the parents take their children into the field. Regardless of who is to blame, enforcement is, again, lax and the practice continues.

Probably the biggest single problem facing the migrant is that the very existence of his occupation is threatened by mechanization. No legislation or enforcement can address this problem adequately.

This year about 74 mechanical harvestors were used for the tomato crop in northwest Ohio, whereas there were only seven in 1969. Tomatoes, corn, sugar beets and cucumbers—pickles—are all planted by machine. Corn and sugar beets are harvested almost entirely by machine.

The October issue of Opportunity, a publication of the Office of Economic Opportunity, describes the problem well:

> Since 1965, agricultural mechanization has grown to the point where most of Michigan's 30 crops can be harvested by machine. Blueberries, asparagus, sugar beets and tomatoes are being picked mechanically. Cherries, of which 85 percent of the world's crop are grown in the state, are mostly picked by machine. They are even working on machines to harvest soft fruits such as peaches, plums, grapes and strawberries, and developing substitutes for crops which are too difficult to mechanize. The tomato, for example, is too soft and pulpy to be picked by iron. So they are experimenting on a tougher tomato that is more square than round to fit the machine, according to Shrift.

One grower in western Michigan is tearing down all the shacks he used to house migrants in to plant additional acres of cucumbers. He's planting 850 acres in all and hiring one migrant worker to run his machine. . . . The machine will only harvest one crop because it destroys the vines, whereas hand labor can get more than one crop. A lot of growers are willing to take this kind of loss. They prefer it to putting up with migrants, housing them and paying them an adequate wage.

The result: Only 30 men are now needed instead of 300 to harvest many crops, said Shrift. But the migrant is still coming here looking for work and state agencies are predicting that there will be 16,000 here this summer without jobs.

While the need for farm labor will not be entirely eliminated, growers have been using increasing numbers of local labor to work on the new equipment. Some have stated that they will not use migrants after a few more years.

Although some migrants are well aware of the situation they face, many more must be made aware, This is evident from the fact that each year, more "freewheelers," who do not have any commitment for employment, come to Ohio hoping to obtain farm work. Some succeed; many do not. (See attached letter from the Ohio Bureau of Employment Services.) They clearly must eventually choose between adapting to industrial employment, probably outside of their home States, or becoming wards of the State because their occupation will be "dead".

Therefore, the emphasis of future legislation for the migrant should be to facilitate the process of settling-out. A very important aspectof this is to provide for opportunities to learn new marketable skills.

Housing is a critical problem for those who are settling-out now. Future planning for urban housing must take into account the influx of the rural poor to the cities. In a broader view, the migrant will be eventually faced with the multitude of problems facing the urban population.

Thank you.

(The attachment to the statement is as follows:)

COLUMBUS, OHIO, *July 23, 1971.*

MIGUEL CASAREZ,
La Raza Unida,
Findlay, Ohio.

DEAR MR. CASAREZ: As per your request, via telephone, July 20, 1970, for information in regards to the farm labor situation in relation to the migrants, I have obtained the following from Mr. Frank Killien:

a. The job market for the migrants is pretty much in balance throughout the state of Ohio. Any shortages reported are small and are easily handled locally and most of the labor has been contracted in advance. Commitments by farmers and the migrants have been suitably met.

b. However, there are a number of Free-wheelers here in Ohio as well as in other states. This has resulted through various reasons. The main one being the increased mechanization in the harvesting of cherries in Michigan. Ninety-five percent of the harvest is being accomplished in such a manner. This caused an excess of workers with no work on hand and with the alternative of waiting for the tomato season to begin, which will be from a week and a half to two weeks away. It is difficult to maintain track of these people, therefore we cannot give you any approximate figures.

If we can be of any further help, feel free to contact us.

Sincerely,

DELIA VORHAUER,
Migrant Specialist Supervisor,
Ohio Bureau of Employment Services.

Senator HUMPHREY. Rev. John Bank.

STATEMENT OF REV. JOHN BANK, DIRECTOR, REGIONAL OFFICE FOR SOUTHERN OHIO AND KENTUCKY, UNITED FARM WORKERS ORGANIZING COMMITTEE, AFL–CIO, CINCINNATI, OHIO

Mr. BANK. Senator Humphrey, Congressman Latta, my name is Rev. John Bank and I am the director of the United Farm Workers Organizing Committee, AFL–CIO, Regional Office for Southern Ohio and Kentucky. I am a Roman Catholic priest of the diocese of Youngstown and a member of the National Farm Worker Ministry. My office is located at 1015 Vine Street, room 526, Cincinnati, Ohio 45202.

I would like to address myself to one aspect of rural development—rural development in agriculture through unionization that Mike Casarez referred to.

As I speak to this subcommittee hearing, bills to govern unionization in agriculture are being proposed in a dozen States by agribusiness spokesmen. Indigenous farm labor organizing is occurring in every farm State. The United Farm Workers Organizing Committee, AFL–CIO, based in Keene, Calif., is conducting a national drive to unionize over a million of this Nation's farmworkers.

It is my contention that unionization in agriculture provides an opportunity for growth and development for farmworkers, for the rural communities in which they live and work, and for the industry that depends on their labor.

On July 29, 1970, John Giumarra, Jr., spokesman for the Delano, Calif., growers in response to Cesar Chavez' remarks at the contract signing session which ended the 5-year grape strike and boycott, that everybody has heard about, said:

> We, too, are happy that peace now will come to this valley. This has been a mutual victory. The ranches will have peace and the farm workers will have higher wages and better working conditions. Now, as a result of our negotiations and this new contract, we anticipate a new era in the valley in which the strength of the union and the ability of the ranches to grow crops will enable us to get better prices for our products so that you may get better wages.[1]

A month earlier, Hollis Roberts, who farms 48,000 acres in California's San Joaquin Valley and had been a stanch opponent of Chavez and the United Farm Workers Organizing Committee, AFL–CIO, signed a contract with the union after a strike halted the peach harvest on one of his ranches in Fresno County. Roberts called his decision to sign a contract with UFWOC, AFL–CIO, ". . . one of the hardest things I have ever had to do."[2]

It represented a big change in his own thinking about Chavez and the union. The contract was signed in spite of many calls from other farmers in the area urging him not to sign.

"In the end I just followed my own judgment," he said. "After I got acquainted with Chavez and some of the other people in the union, I found them to be sincere. I learned to like Chavez and a lot of things we had been told about these people were not true.

"It will be good for the country if agriculture is unionized. I think it was Henry Ford who said it made the country when industry was unionized, because, with higher wages, the workers could afford to

[1] Delano Record, Thursday, July 30, 1971, No. 61.
[2] "Why They Signed With the Union—Hollis Roberts," by Ron Harley, The Farm Quarterly, September–October 1970.

buy cars they were making. The same would be true with fruits and vegetables and beef and other foods," Roberts said.[3]

The creation of a strong union, responsive to the needs of its members, is already bringing development to the farmworkers who work under UFWOC, AFL–CIO, contracts. My preoccupation in this testimony will be the development of rural people through unionization in agriculture.

Unionization will end child labor in agriculture. According to the U.S. Senate Subcommittee on Migratory Labor, 800,000 children are employed in agriculture, comprising an estimated one-third or one-fourth of the agricultural labor force. This data is reflected in Ohio where for 4 years straight, including the fall of 1970, Ohio had the most violations of existing child labor laws in the country. Although stricter enforcement of the law by the Department of Labor this past season has reduced the number of violations, child labor in Ohio agriculture continues. This past September 25, 1971, I, along with members of the Cincinnati Citizens for United Farm Workers, watched a 10-year-old girl, a young Chicano, harvesting tomatoes on a farm near Findlay, Ohio. The child was working a 7 a.m.–7 p.m. day filling 33-pound hampers of tomatoes and carrying these hampers to the edge of a field where they were loaded onto a truck. Her piece-rate wage was 19 cents per hamper, about 67 cents per hour.

Child labor in agriculture is the antithesis of child development. It is detrimental to the child's physical, psychological, and educational growth. And that is proven beyond a doubt. In January the Agricultural Child Labor Act, H.R. 10499, should reach the floor of Congress. Ohioans, some of whom are present, have contributed substantial testimony to the hearings on H.R. 10499. Concerning this bill, which would eliminate the employment of children below age 14, the administrator of the Ohio Bureau of Employment Services told me, "This bill, if passed, would surely help the farm accident rate of minors. We have many children killed or maimed on farm tractors and other types of farm machinery every year. Ohio law permits minors of any age to operate farm tractors."

I think it is ludicrous to imagine an auto worker taking his entire family to the plant each day to supplement his wage. Yet, in Ohio's tomato and vegetable harvests, whole families must work to put together a living wage. The difference of course, lies in the auto worker's union wage as opposed to the farmworker's powerlessness to negotiate a living wage.

Unionization in agriculture will provide the higher wages farmworkers need for survival. The U.S. Department of Labor estimates that the average annual wage for a farmworker family of four is $2,700. This afternoon I've been listening to members of the agricultural leadership—the Farm Bureau and others—talk about money. I think this is of concern. A farmworker cannot make it anywhere on $2,700 a year as a family income.

The same Department estimates that if farmworker wages were doubled and the full increase passed on to the consumer, this would increase the price of a head of lettuce by a penny or two, a dozen oranges by a penny or two, or a stalk of celery by a penny or two. We can certainly afford to pay that. We have been demanding through the

[3] Ibid.

UFWOC a one-fifth increase in wages. Now all of our contracts call for over $2 per hour plus incentive wages.

Although migrant farmworkers are employed in more than 30 counties in Ohio, organized health services are offered in only 14 counties. Farmworkers in rural Ohio have no medical insurance. One of Ohio's leading vegetable farmers told me in February of a Texas family he recruited in the 1970 season that worked all season to pay for the hospital bill incurred when a boy in the family, upon arriving in Ohio, had an emergency appendectomy. That outrages me and yet this is the testimony given to me by one of Ohio's farmers.

One of the recommendations of the Ohio State Advisory Committee on Civil Rights made after public hearings held by OSAC on October 28, 1968, was that growers, migrants, and governmental representatives develop at least minimal hospitalization plans for migrant farmworkers. Three years later nothing has been done about this recommendation, and the State's 35,000 to 40,000 farmworkers have no hospitalization.

To meet the needs of California farmworkers, every UFWOC, AFL–CIO, contract entitles workers to the Robert F. Kennedy Memorial Medical Plan. The plan, funded by 10 cents per man hour by the growers, cares for the health needs of the farmworker and his family.

The U.S. Public Health Service estimates that, while other Americans can look forward to over 70 years as a life expectancy, the farmworker's life expectancy is only 49 years. Maternal mortality and child mortality at birth are both 120 percent higher for farmworkers than the national average. Influenza and pneumonia run 200 percent higher than the national average. The accident rate for farmworkers is 300 percent higher than for other U.S. workers.

According to the Department of Health, Education, and Welfare 800 people a year are fatally poisoned by pesticides throughout the country. Thousands of farmworkers experience daily symptoms of pesticide poisoning which include dermatitis, rashes, eye irritations, nausea, vomiting, fatigue, excessive sweating, headaches, double vision, dizziness, skin irritations, difficulty in breathing, loss of fingernails, nervousness, insomnia, bleeding noses, and diarrhea.

All contracts signed by UFWOC, AFL–CIO, contain a health and safety section that establishes a Union Health and Safety Committee to formulate policies for the use of economic poisons, protective garments, materials, tools and equipment, and sanitary conditions. Certain hard perticides are totally banned. For example, UFWOC's contract with Inter Harvest, the Nation's No. 1 lettuce grower, states: "2,4–D, 2,4–5T, DDT, DDD, Aldrin, Dieldrin, and Endrin shall not be used."

Such hard pesticides are harmful not only to fieldworkers but also to consumers. Many pesticides, not water-soluble, cannot be washed off the fruit or vegetables and so build up within the fatty tissues of our bodies. Ecologists are also gathering extensive evidence on the danger of pesticides and herbicides for the environment. Union contracts promoted by UFWOC are banning pesticides and herbicides still used on some lettuce fields in the Salinas Valley, but prohibited in Vietnam.

Unionization through a UFWOC contract provides a new system of job security for the workers. They no longer have to deal with the exploitative labor contractor system or depend on their personal pull

with foremen or growers for jobs. Under union contract they are hired on a seniority basis from the union hiring hall. This provision provides for stability in employment. Farmworkers are also given, for the first time, a procedure for handling grievances when they work under contract.

Unionization has given the farmworker more development in more areas than all the legislation and welfare programs designed for his benefit. He is now experiencing a stability that he has never known. Grape workers in California are taking root in communities, where they were merely visitors before. Their children are staying in school.

Some may say that the appearance of unions on farms in Ohio would immediately bring on mechanical harvesting of tomatoes and vegetables. This is not necessarily true. In fact, according to a report presented to the Governor's Committee Studying Migrant Labor on May 17, 1971, "Although mechanical harvesting of tomatoes is causing and will continue to cause adjustments in the seasonal labor used by farmers in northwest Ohio, to date, the effect of mechanical harvesting upon the number of seasonal laborers needed has not been great." [4]

The report offers five reasons for the slower acceptance of mechanical harvesting of processing tomatoes in Ohio than in other States. These are: (1) A more reliable labor force; (2) slower development of varieties adopted to mecheanical harvesting; (3) a shorter harvesting season; (4) more weather risk during the harvest season; (5) less emphasis given to mechanical harvesting by the industry.[5]

I believe that unionization of the Ohio tomato harvesters would strengthen the reliable labor force, without necessarily forcing the cost of hand harvesting out of range. Unionization could help work out an industrywide approach to mechanization that would provide a source of labor for work on mechanical harvesters, as well as a retraining of those field hands who would be replaced.

The alternative to an industrywide approach to mechanization is detrimental to rural development. Haphazard or sudden mechanization would simply force farmworkers into the city ghettoes, where they would be further victimized by poverty and by unemployment, and where they would burden government rather than contribute to it.

Mechanization is good when it frees men from brutal and degrading work. But the workers who helped build Ohio agri-business and created the wealth needed to finance automation deserve a share in its benefits.

It is my conviction that the solution to the problems of farmworkers have achieved organized strength and bargaining power. Once this is attained farmworkers will experience remarkable development. Their development, derived from unionization, will positively influence the rural communities, in which they live and work and the industry which they strive to expand.

Senator HUMPHREY. Reverend Bank, I want to thank you very much. This is a subject that does not get very much ventilation, as you know, unless we have hearings like this.

My colleague, Senator Mondale, is the chairman, as you have mentioned, of the Migratory Committee and I used to be when I was in

[4] Mechanical Harvesting of Processing Tomatoes in Ohio and Implications on the Demand for Seasonal Labor," a paper presented to Governor's committee studying migrant labor by Paul L. Wright, area extension agent, farm management, May 17, 1971.
[5] Ibid.

the Senate. We opened the hearings in 1949 on this very subject and there has been all too little progress made over the years, all too little.

The conditions under which some of these workers live were just intolerable and I am grateful to you for presenting your point of view. It is a point of view with which I have considerable sympathy, I think, as you know.

I think these workers are sorely underpaid and all too often are victims of the kind of employment problems that no one else would tolerate.

We have with us Mr. Barry L. Sprink, Executive Director, WSOS, Community Action Commission, Inc. We are happy you are here. We want to hear your testimony.

STATEMENT OF BARRY L. SPRINK, EXECUTIVE DIRECTOR, WSOS, COMMUNITY ACTION COMMISSION, FREMONT, OHIO

Mr. SPRINK. Thank you very much, Senator Humphrey, Congressman Latta.

Today our rural poor are faced with a bleak future. Little hope is seen unless a commitment on the national level develops. For a while there seemed to be a glimmer of hope with the enactment of the poverty program. For a short time, the poor in America felt that there was a possibility that things would get better. But our rural poor have to a large extent been left out.

What I am referring to basically with the enactment of the poverty program and we talk about statistics and I have heard this all afternoon, statistics being thrown forward, I do not like to deal with statistics in that poverty is such a personal thing and it hurts people on the very basic level, survival level, and for a short period of time, in the mid sixties, we began to see a decline in actual statistics, percentage-wise, in numbers of people who were at the poverty guideline level or below. Now this trend in the late sixties and early seventies is picking up speed again. Our unemployment rate is rising again. The short cooling off that we had with the freeze the President put on has had a cooling off effect for about a month. But in rural America, I am talking about the poor people, we are talking about almost half—48 percent of all poor people live in rural areas. This is the frightening fact to me.

Seventy-five percent of all the moneys go into the urban areas to help poor people. It does not go out, you know, on an equal basis. The inequity in the system is giving it to the cities when half of our people are living in the rural areas. I am talking about people that—well, I relate to it in my testimony here; 20 percent are elderly. Of all the people we are referring to, there are 26,700,000 people who are at or below the poverty guideline, and then the countless millions who are just above the poverty guideline.

To say a family of four who is existing on $4,400 or $4,800 or $5,000, that is not to say that family is a well-to-do family. They are poor.

What I am saying, and it has been said by the gentleman before me, the areas that we need help in in rural areas are very simple, four basic areas. There are numerous areas we could talk about but, generally, we are talking about housing, employment, education, and health.

Now, starting out with the housing, in the rural area we have no housing type of authority. Any housing developed has to be done by a

nonprofit organization. Most of these have to have seed money to develop the housing to bring in a packager and develop the program versus your large metropolitan areas where you have your—and I am not knocking the metropolitan areas. They have their problems, too, and every penny they get is needed. What I am saying is more has to be developed and it has to be developed on a more equal basis.

In the housing area specifically, you take any one of your local newspapers, pick them up and look at the number of ads for apartments or houses for rent. These are not houses which are available to low-income people. Those that are available to low-income people are usually the ones that the landlords will not put any more money into because the repairs would cost more than what the house is worth. And this is what we are talking about in our migrant labor. When a person is trying to settle down into the community, he comes to Ohio and, you know, I think of Ohio as really a melting pot. We have got a lot of people here from all over the world, all over the country, but everybody who comes to Ohio initially is a foreigner from that State, from our State. So the migrants who come here and settle, you know, are just like everybody else who has come to Ohio and settled but what has happened is, we drop our money—you know, $3 million of what they earn is spent right here locally and then it says, as I have heard said today, that they become a drain on society.

We use the usefulness of a group of people and then when that usefulness is done, then they are of no more benefit to us. They become a drag.

I say we have a responsibility to people. If we are going to use people, and this is what is happening, exploitation of a group of people from other areas—education.

I believe in the chicano, in the black, their cultural backgrounds. There is much that can be gained to teach us and to help us understand each other, but I think our society is not geared this way. We will use what we want and then drop it.

You know, we study in history, look it over, who do we identify with as a chicano? Who can a chicano child identify with when he is in the school system? A bandido. This is the implication that is taught in school of a Mexican-American. There is very little literature, very little, good to identify with the good things the chicano community has given to us.

The farm labor movement has helped just as years ago AFL–CIO and other areas of buildings and industry they helped to get this country going. It is going through the same stages now.

We go into health. It has already been talked about, and the insurance. It is amazing to me that you will have the large companies that have insurance programs for their employees and then we turn around and we have a large segment of our community, the poor, not necessarily the chicanos or the migrant laborers, but just poor people who work for hourly wages are not covered by any kind of insurance. This is what I am talking about as a national commitment and only on a national commitment can it be done because if it is tried on the local level we see over and over again it does not happen.

What I have heard today also talking about revenue sharing, filtering this down, the people who are actually concerned are not going to be involved in this. They are not the ones that are being heard, to say,

you know, what their needs are. Many times it ends up at a higher level. I see this is what their need is instead of listening to some of the people who actually are suffering the problem.

My time is up.

Senator HUMPHREY. Your testimony is very helpful. I wanted to hear you testify today because when we talk rural development I do not want to end up just talking about factories and streets and sewers. We are talking about people, an awful lot of people, a lot of people that do not get a break in life. And you cannot have any development if you do not talk people.

I want very much to express my thanks to the three witnesses who have talked to us about people. I might just ask, what is the going wage for the migratory workers, let us say in a tomato field? You said you had about——

Mr. CASAREZ. I was surprised to hear some people were getting 19 cents a hamper. I believe the going wage was closer to 15½ cents a hamper this year and I think some 20 years ago it was around 13 cents a hamper.

Mr. LATTA. May I interject here? Let me say that I picked tomatoes as a young person in Wood County. I received 6 cents a hamper. That was not too much more than 20 years ago. I would say that this last year in northwestern Ohio, pickers were paid 17 or 18 cents. The reverend indicated 19 cents. I do not know of any paying 19 cents but maybe there were some. If you get down to 13 cents that would not be tolerable.

Mr. CASAREZ. It started at that about 20 years ago. I believe it is about 15½. We have a man in the audience from the Employment Service who probably can give us some figures.

Senator HUMPHREY. What does that add up to, let us say, on an 8-hour day?

Mr. CASAREZ. It depends on your health and your ability to pick. It has been debated 3 years in Ohio whether a man averages 90 or 100 hampers per day or whether he can actually, if he is not lazy, pick 200 hampers a day. There seems to be a debate on that. Most people would say it is less than 100 hampers.

Senator HUMPHREY. It is seasonal work.

Mr. CASAREZ. Yes.

Senator HUMPHREY. Let us say he would make a maximum of $30. Really go-getters, barn burners, working 8 hours a day, 15 cents a hamper, it would be an average of 16 cents. Say he picks 300 hampers.

Mr. CASAREZ. 200 hampers is the maximum.

Senator HUMPHREY. $30 a day. How many days does he get to work like that? He does not work on days that it rains too much; does he?

Mr. CASAREZ. No.

Senator HUMPHREY. Does he get paid for those days?

Mr. CASAREZ. He probably does not work more than 6 days in a season at that rate because it is also affected by the volume that is on the plant, the acreage, including the first 2 or 3 weeks that are—where they need to get started on production.

In other words, it would be closer to 90 or 100 hampers at the 16 or 18 cents he gets. When it rains he does not get paid at all. And when the picking becomes very thin toward the end of the season, the farmworker has no compensation. He can got out and spend the whole day and maybe make $10 or $15.

Besides, there is an illegal retainer fee that sometimes is held. The farmer calls it a bonus. That means if he stays to the end of the season he gets a penny and a half more for each hamper he picks. If he does not stay to the end of the season, end of October, first of November, then he forgets that.

This, of course, forces him to keep his children out of school, away from the school that they would attend during the year. They would go to school here in Ohio, then go back to Texas, which is where most of the migrants are from, and begin school there in November sometime. Then, of course, the farmer tries to bring him to the State as early as he needs them at the end of April or maybe the middle of May at the latest, again disrupting the child's school year at that end. So we wonder why farmworker children drop out of school and get trapped in the farmworker stream.

Senator HUMPHREY. Well, I am very pleased we have had this testimony. You know, our Spanish-speaking Americans are very proud people and in my limited experience with them, and it has been regrettably more limited than I would want, I think that it is fair to say that they have been very much neglected people by Government programs. Really, it is pitiful. And I think there is an awakening among Government people but it is too slow, and again I see—you know, I have supported organizing, the right of collective bargaining. It is one of the ways—you cannot wait for government sometimes. You just have to do it yourself. I think that the community ought to wake up, I mean not this community only but the whole national community, that the Chicano, Mexican-American, Spanish-speaking American, is not going to take it any longer. They are really demanding their rights.

Mr. CASAREZ. If I may, an example of the area of greatest need for the Spanish-speaking is the migrant worker. The OEO Migrant Division has an annual budget of some $36 million. I understand it takes some $40 million to continue the war in Vietnam. You know, theoretically——

Senator HUMPHREY. A day.

Mr. CASAREZ. A day. If they gave us—you know, you could run the OEO Migrant Division for 360 years with the funding level they have right now. I think Cincinnati probably has more than that or about half that, probably around $15 million, in OEO-related funds for that area. The Migrant Division, it is ridiculous.

Senator HUMPHREY. Gentlemen, I am going to see that this testimony gets to Senator Adlai Stevenson, the chairman of the subcommittee. We will extract this testimony and get it to the Migratory Labor Committee. He has taken over from Senator Mondale, as you know.

I want to thank you very much. I wish we could talk more. But we have got to get on.

Mr. SPRINK. Today our rural poor are faced with a bleak future. Little hope is seen unless a commitment on the national level develops. For a while there seemed to be a glimmer of hope with the enactment of the poverty program. For a short time, the poor in America felt that there was a possibility that things would get better. But our rural poor have to a large extent been left out.

For me to expound on all the problem areas faced by the rural poor would take much more time than what I am allotted. Therefore, I

will try to zero in on four of the most urgent concerns as seen by groups that our agency has recently contacted. The four areas are housing, employment, education, and health. To say that any one of these is the most important factor in alleviating poverty would be a falsehood. Each is intricately interwoven with the other.

Let's start by taking a brief look at housing. Low to moderate housing in rural areas are definitely needed. An example of this can be seen by picking up any number of small-town newspapers and reading the houses and apartments for rent. Those apartments that you find are generally out of the reach of a person who is living on an income at or below the poverty level. Those which do fall accessible to the persons mentioned are usually run down to the extent that the landlord refuses to put money into them because the cost of the repairs would exceed the value of the house.

We have a family in our area who lives in a house which has been burned on the inside, and some other families which live in houses that even lack doors and windows. Not unlike the big cities, we have neighborhoods that have rats. Some of the children from these areas have come to school with rat bites around their ears and neck. Other rodents and vermin can be found around these same areas.

In our four-county rural area there is no authority to help bring in low-cost housing. Any projects developed must be a nonprofit organization who has the seed money necessary to help in the development. There are some self-help houses under construction in our area, but these are few in number and are built by able-bodied individuals for themselves. When we look at those who fall below the poverty guidelines, we see that 20 percent are elderly, 25 percent female heads of households, 40 percent are children under the age of 16 years, and an undetermined percentage of blind or disabled individuals who are also not able to provide adequate houses for themselves.

This leads us into the second area of employment. Generally without steady employment, adequate housing will be out of the reach of the individual. The employment problem in this area is many fold. It was explained to me by a prominent businessman in our area that low-income people—being either Black or Chicano—do not have the education or experience to qualify them for jobs "other than the ones they are used to." When talking with some educators, I have been told that there are very few jobs that a Black or Chicano would be accepted in. So we see prejudice slipping into the picture also. Many of our school systems in the area provide counseling to low-income students, Black, Anglo, and Chicano. It is not whether a student is capable of going on to college, but rather which branch of the service he is going into or which factory he would like to work in.

One of my Board members personally related his own experience to me. He said that while in high school he intended to follow commercial courses and hoped to go into business upon completing his education. His counselor told him that he "had better learn how to do something with his hands since he was Chicano and would not be able to find a job in the business world." What we see here is a vicious circle which has to be broken. It is no wonder that our young people are frustrated and losing faith in the system.

I have already mentioned a little about the educational problems, but now I would like to zero in on what I see to be one of the major

difficulties. That is, lack of recognition that minority groups do have cultural heritages worthy of study. Much beauty can be seen in the art forms of literature, music and paintings, as well as scientific contributions. Our educational system is based on the white ethnic emphasizing things brought forth by Anglo persons. What I am saying basically is that as a child is growing and learning about life, it is important to have identification with his cultural background. It is true that the United States is a melting pot, but in many respects we have failed to acknowledge the contributions made by our minority groups. Again we see the frustrations of our young people as they try to develop an identity as an individual.

The fourth area confronting our poor is their inability to obtain proper medical care. Large companies have group insurance for their employees, but in most of the occupations of the low-income there is no insurance against the illness or serious accident. Even if there were, in rural America it is extremely difficult for the poor to find a doctor they can afford or a doctor who is not overworked to the point of refusing to accept new patients. In this particular area, I feel if there were a natural commitment to increase the number of doctors and other medical personnel, our minority groups could provide a wealth of resources. This would not be easy or inexpensive. Whether illness is by accident at birth or disease, the end result can be the same—a nonproductive dependent individual who is dehumanized and pitied by society.

Once again we hear the proverb "an ounce of prevention," but are we listening? This points to the rural area and its lack of services as contrasted against the urban setting. In the areas I have mentioned, whether employment, health, or housing, persons from small towns see these existing in urban areas and thus migrate to them.

Gentlemen, it becomes quite obvious that part of the solution to urban problems will be found in providing solutions to those in rural areas. By providing more money to develop needed services and industries in rural areas, it is very possible that the migration to the cities could be reversed.

Finally, I feel it is men like yourselves who are in the position to propose legislation that will provide solutions to these problems. I say to you very sincerely that the credibility of what you do is already being questioned by the poor people of this Nation. What is needed now is the courage to follow through on promises made.

We realize this is an election year and there will be many campaign promises bantered about as in the last election. But if they are not fulfilled any better than those of the last election—example: the veto of the Child Development Act—I truthfully fear for this country's poor. Thank you.

Senator HUMPHREY. Mr. Gillman, and Father Charles Pitzer. We have Clete Gillman, deputy State conservationist, U.S. Soil Conservation Service; Father Charles Pitzer, director, Community, Human, and Industrial Development Corp.; and also Jack Farrington, executive director of the Ohio Valley Health Service Foundation. These witnesses will conclude our hearings here today. And I want to express our thanks to you.

Mr. Gillman, would you like to lead off?

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STATEMENT OF CLETE J. GILLMAN, DEPUTY STATE CONSERVATIONIST, SOIL CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, COLUMBUS, OHIO

Mr. GILLMAN. Thank you. I appreciate the opportunity to testify here today. I will keep my remarks very brief. I would just like to hit a couple of high points in our activities, particularly in the field of USDA rural development committees. This has not been brought out too much today, although the previous witnesses indeed touched base on it. We, along with other agencies in USDA, do form the county and State rural development committes and even though progress is not what we would like to have. nonetheless there is new work going on here, particularly by some communities. based on individual leadership, I guess.

The rural development committees are working in environmental improvement as well as community development. Environmental improvement has not been stressed here too much today but I do want to say we in Ohio feel very strongly that while these communities develop we do not lose sight of the need to improve the environment at the same time.

The committees are very interested in land use changes. At the State level we are working toward land use policy guidelines with Director Sweet of the Ohio State Department of Development and we think Federal-State policy on land use decisions followed by local governmental unit regulations is most important as we look toward sound rural development.

About the soil survey work, we are trying to get as much soil survey work done as quickly as possible. About 31 counties are completed in Ohio out of 88. It has a long, long way to go yet. Only 16 of those completed surveys are published. Soil survey interpretations are so basic to many of the activities in rural development, and we just think we need to move faster in this field.

Two project-type activities I would like to touch on. Public Law 566, Congressman Latta, with which we have worked with you on certain projects in this area, and R.C. & D. Public Law 566 we consider a rural development activity in part. Certainly as the title implies, watershed protection and flood prevention, but it goes a lot further than that in that we do incorporate recreation, fish and wildlife development, and hopefully, reasonable cost sharing in the future on such things as community water supplies which you heard mentioned here, and low-flow augmentation. I believe there are a couple of bills now in Congress, the Poage bill and Senator Aiken's.

Senator HUMPHREY. Yes. Senator Aiken is consistently in this area, as you know.

Mr. GILLMAN. Yes; and I believe he has come up with a bill with many sponsors. We think this would help to further community development because some of these smaller communities cannot afford the cost of developing an adequate water supply. R.C. & D. which are multicounty projects in total resource development, sort of a comprehensive plan in the field of resource conservation. We think this program has a lot of promise in the future in community development. We are grateful for the continued very strong support out of the Senate. We think it has possibly the best opportunity of all the U.S. aid programs for rural development in America and we think if we just

continue down the road we are going with R.C. & D. perhaps there will indeed be the very great improvement we nope for.

I just want to say in Ohio we have one R.C. & D. project in operation, this project in the southeast Appalachian region, two more are being planned, one of which was just approved, the Maumee Valley project in Congressman Latta's district. When we get these two in operation it will be of a great benefit for rural Ohio.

Senator HUMPHREY. Indeed, it will.

Mr. GILLMAN. Thank you.

Senator HUMPHREY. Soil Conservation Service, I think, is one of the most highly regarded services in our Government. I want to compliment you.

Mr. GILLMAN. The Soil Conservation Service (SCS) is the technical action agency of the U.S. Department of Agriculture in the field of soil and water and related resources. It is an agency which has developed from one primarily concerned with erosion control during the dust bowl days of the 1930's to an agency which today is concerned with resource conservation and development for the benefit of all citizens—both rural and urban.

SCS brings together the various disciplines needed to solve land and water conservation problems. Its staff includes soil scientists; economists; agricultural, irrigation, hydraulic, drainage, sanitary and cartographic engineers; specialists in biology, agronomy, woodland management, plant materials, geology and sedimentation; and the skilled professionals developed by SCS—the soil conservationists.

In 1971 the Soil Conservation Service speaks of its mission as one to assist in the conservation, development, and productive use of the Nation's soil, water, and related resources so that all Americans may enjoy: (1) quality in the natural resource base for sustained use; (2) quality in the environment to provide attractive, convenient, and satisfying places to live, work, and play; and (3) quality in the standard of living based on community improvement and adequate income.

The Soil Conservation Service joins with other agencies of the U.S. Department of Agriculture to provide a team approach for services to rural America. The Department recognizes that the countryside with all of its assets—space, beauty, outdoor recreation sites, moderate land and building costs, water, power, and underemployed people—offers an excellent opportunity for expansion of industry and job opportunities and for a suitable environment in which to live. It is believed that, if properly planned, these expanded uses of rural areas can be compatible with a sustained productive agriculture.

In order to establish a delivery system and to coordinate agency efforts, the Department of Agriculture has organized Rural Development Committees at the State and county levels. These committees are primarily concerned with community development and environmental improvement projects. They recognize that rural development is built on local initiative and local leadership, but that it cannot depend solely on local resources. There must be a Federal-State-local cooperative effort. Federal and State support will need to be both technical and financial. The Department of Agriculture is prepared to bring together all of their resources and programs, and to work with other Federal and State departments, to assist local communities in their improvement and development efforts.

The Soil Conservation Service assists individuals, groups, units of governments and communities. This assistance is provided primarily through soil and water conservation districts. These districts are subdivisions of State government, and are organized on a county basis in all 88 counties in Ohio. Each district has developed a long-range program for the coordination of the conservation and development of the natural resources of the county. They rely upon the resources and programs of the various Federal and State agencies to help them reach the objectives of their programs. SCS is the only Federal agency that receives appropriations from Congress directly earmarked for assistance to conservation districts.

The partnership of the Service, as a technical agency, and the soil and water conservation district, as a local unit of government with conservation responsibilities, has been most effective over the years in achieving resource conservation and development accomplishments.

The Service, in providing assistance to soil and water conservation districts, generally have a small staff of professionals and technicians headquartered in each county. They also have an interdisciplinary technical support staff on an area basis (multicounty) and State level.

The Service provides technical assistance on soil surveys and interpretations and in resource planning and application of conservation practices. Land users avail themselves of this assistance through requests to the soil and water conservation district for on-site technical help.

Soil surveys, as part of the national cooperative soil survey program, have been completed in 31 counties in Ohio. These surveys, along with interpretations, have been published in 16 counties. Approximately three or four surveys will be published in each of the next several years. Surveys are underway in 16 other counties. County governments generally provide some financial assistance to the service in the completion of these surveys. The Division of Lands and Soil, Ohio Department of Natural Resources, work with the Soil Conservation Service in the preparation of these surveys. Local units of government recognize these soil surveys and interpretations as valuable resource data for decisions on land use planning and treatment.

Conservation planning and application assistance is provided to individuals, groups, and units of government. This may include inventories and evaluations of the resources available and the problems to be solved, or it may include a complete conservation plan and the help necessary to install the plan. The service is provided to both agricultural and urban users of land. Recent authorities allow us to assist governmental users in developing land use regulations and ordinances and to provide back-up technical help in assuring that the regulations are carried out.

More emphasis is being placed today on project-type programs. Two major project programs being used in Ohio, which are administered by SCS, are the watershed protection and flood prevention program (Public Law 566) and the Resource Conservation and Development (R.C. & D.) program. Both of these programs assist with locally initiated, sponsored, and controlled projects. Soil and water conservation districts along with counties and municipalities, normally sponsor these projects.

The Public Law 566 program is basically, as the title implies, a watershed protection and flood prevention program. However, as-

sistance is also provided to communities for drainage and irrigation, outdoor recreational developments and facilities, and fish and wildlife developments. In addition, structures for water storage often incorporate extra capacity for municipal and industrial water and low stream flow augmentation as desired by the community. These small watershed projects, by protecting and developing resources, provide economic opportunities for the community and provide a setting for further growth.

In Ohio, applications have been submitted by local communities for assistance on 81 watershed projects. Of these, five projects have been completed, nine are approved for construction, and 11 have planning under way. The Soil Conservation Service provides technical assistance for planning and installation of the projects and financial cost sharing for construction of the project measures.

Resource conservation and development projects are multicounty projects which, through coordination of available programs, allows for community betterment based upon environmental improvement and increased economic opportunities. The project plan is developed following a thorough study of resource problems and opportunities. This study is carried out by committees of local leaders, with technical guidance from Federal and State agencies. The plan consists of a coordinated series of project measures for agricultural and forestry development, recreational and fish and wildlife developments, flood prevention, development of resource-based industries, and environmental improvement including pollution abatement and improved beauty of the countryside.

The Soil Conservation Service provides both techincal and financial assistance to R.C. & D. project sponsors for the development of these resource project measures. Assistance is provided for the same eligible purposes as indicated for the Public Law 566 program; however, financial assistance from direct R.C. & D. funds is generally more limited. The main thrust on program assistance is to bring all available resources from on-going programs to bear through a coordinated agency approach. A project coordinator is hired by the Service to assist the sponsors in working with agencies and their programs.

In Ohio the Buckeye Hills project in the southeast has been in operation for 2 years. Two other projects, the Crossroads project in northeastern Ohio and the Maumee Valley project in northwestern Ohio, are now developing project plans. One other application has been submitted—the Top of Ohio project in the west-central part of the State.

The Soil Conservation Service has just completed a long-range national plan, based upon the social and economic setting of our nation today, expected trends in the near future, and the resource conservation needs of the country. The plan points up important changes in direction including increased emphasis on rural community development and environmental improvement. The Service, in carrying out the actions outlined in this plan, will continue to work with soil and water conservation districts as the primary institutions for effective local leadership in a broad program of resource conservation.

Senator HUMPHREY. The next witness is Rev. Charles Pitzer.

STATEMENT OF REV. CHARLES A. PITZER, CHAIRMAN OF THE BOARD, COMMUNITY HUMAN AND INDUSTRIAL DEVELOPMENT, PORTSMOUTH, OHIO

Reverend PITZER. I think I have submitted my testimony.

Senator HUMPHREY. It will all be incorporated, the full text, all this testimony in the record.

Reverend PITZER. I am from southeastern Ohio, the Appalachian region. The unemployment rate has been estimated to be 6 to 10 percent. Realistically, I believe it is 20.

Senator HUMPHREY. Why do you say that? I tend to agree but I want to see if my analysis is near yours.

Reverend PITZER. Because the normal factor in the U.S. Employment Services is the fact that you compute percentages on unemployment compensation. You compute those who come into the office. In our Appalachian region, most men cannot read and write. A large percentage live out in the country areas. They do not register at the Bureau of Employment Services and these are the people I come in contact with. I think the very people in my programing that would approach the BES find they keep social security numbers like crazy. We send them to BES and they have no record. So these are people who are desperately in need of work but do not know the system. They are 20 years behind in our country sociologically and so there is no way that any State agency can keep track of them.

Senator HUMPHREY. We find this in areas other than the Appalachian-type area. I have noticed it in rural, many of the rural towns up in the Dakotas, for example, in my part of the woods out there in Minnesota. People in smaller towns just do not go to that employment office for registration. They have had part-time employment or employment in a garage, for example, because we do not have large industries and they are just out of work and I asked them, you know, are you—I am with people out there a great deal. Are you registered down at the employment office? No. I did not get into town to register. They are just out of work.

The reason I was trying to get your observation is why you come to your conclusions.

Go ahead.

Reverend PITZER. It is a very real problem in an area that is economically depressed and going downhill. We have only two large industries, shoes and steel, which are both sick industries within the country at the present time because of foreign imports, et cetera. We have plants closing all the time. We have the highest percentage of per capita of unemployed fathers on ACDU in the State of Ohio. We have problems that are unbelievable and we have all the sociological problems that have been stated before within these hearings about migration, and things of that type. We are left with the people that do not compete educationally or socially in the larger cities and the other thing, they are sociologically hung up in the Appalachian region

I am a northerner. I came into this area and tried to work with it. I am chairman of the board of CHID. I am director, that is, without pay. My parish pays my salary and all my expenses. The Community Human and Industrial Development, Inc., in Portsmouth, a group of people who work on group techniques, deciding what are the needs of people and how you meet them. One of the first things we did in our

procedures deciding on needs was that there was no system whatsoever for adult mental retards or for emotionally, physically disabled people within our area. We could not do anything on the local level. This is something I would like to speak to.

We worked with OEO. We started a shelter workshop, moved from abandoned car garages to a very large brick plant that had been abandoned 10 years, now revised into a quite efficient plant for various operations.

We started this system to administer or work with the mental retards and that has brought us into almost a self-supporting situation. Then we moved to the desperate need of the Appalachian born, that is, for a very quick cash situation We started a motor cleaning, or environmental recycling, or whatever you might want to call it, where you take apart car motors for the cast steel and aluminum, and various different metals. In this way you pay a man on a system where he gains a paycheck every Friday and this meets his needs if he is between jobs and if it is too cold, to get lumber in the woods or whatever the majority of our people do in the country.

From there we found that this was not solving the problem. Theoretically, I hear all sorts of ideas here today but as a practical aspect when you live in a position that I live in, you see men who are desperate for a job and who walk into your office and actually grown men cry because they cannot find a job within an area to feed their kiddies.

And so we isolated three priorities in our corporation. One was the area of job generation. That is the first priority. Second was job training, and the third was a product, a product being a vehicle to accomplish the first two.

Isolated for the State of Ohio, by Battlle Memorial Ins., need 100,000 family living units or housing units in southeastern Ohio within the next 15 years and that is a very interesting thing to get involved with.

So being practical people we dove right into it and we had complete assurance from all various Government agencies that this is fine, you know, we are all for you.

We set up a housing factory. I heard someone talking about stick building houses today and in the rural areas, with Farmers Home, and that turns me off absolutely cold because we cannot find a stick builder in our country who will build anything less than $30,000 home because the market is there for those homes and the market is not there for the poor people to get a place to live.

We started an industrialized system. Up to this time we have been dealing with OEO and they are compassionate people and have few hangups and they are very much friends. Then we started to get involved with the Department of Labor and that was the worst thing we could have possibly done. Their delivery systems are terrible. Their bureaucratic hangups—fantastic. And so finally, just by getting Senators Taft and Saxbe and Congressman Harsha in the office we were able to work with them—still it took months to obtain a contract.

By the time we found out when we would get the Department of Labor grant, no advance notice was given to set up marketing systems or anything, so they basically ruined our market. Then with the Farmers Home, and this is what frightens me when you talk about

Department of Agriculture handling these development funds, if you are talking about a line through them by way of grants this is very acceptable for economic development within Ohio Appalachia, especially, which is the only place I know. Being right across the river for five and a half years in West Virginia Appalachia. If you are talking about administering the funds through the Department of Agriculture you take any supervisor and you give him millions of dollars to finance houses and then give him thousands of dollars to administer the funds. So you have time lags of 60 to 90 days before you can ever work through any type of financing on a home.

That is probably the most serious problem that our corporation has. In fact, we are at a place where we are going to have to start selling out houses on the open market to developers. Instead of a person getting a house anywhere from $10,000 to $13,500 they will be paying anywhere from $15,900 to $18,900 for it because these are the only people who have the financial ability to carry the terrific interest costs, et cetera, or allow us to carry on by buying for cash from us.

The local bankers today were talking about Federal programing. It is very interesting that as long as the Federal program is going to be financially profitable to the local bankers, they are gung ho about it. Let it be to try to solve the problems of jobs and poor people getting houses and then they have very, very serious problems unless the Federal people will guarantee the loans, and this raises real questions with me.

I am not a socialist but I am somewhat of a revolutionary within the system and it raises real questions with me if we are going to continue in OEO or in social services or in the banks or anything else, that profit from the poor people, and this is what I think has happened in the rural areas. The business that would be most profitable to many banks, et cetera, within the real rural areas, the businesses who would profit the most, are those who would feed off the needs of the people who are in these areas.

Now, this might be not acceptable to some people, this type of thinking, but I feel very seriously that there must be some system to solve these problems and if the Federal Government is not going to do it, nobody is going to do it. I speak from experience and not from theory.

And so, taking housing for an example, 60 percent of our substandard housing is in rural areas and only 25 percent of the funds come from the Federal agencies into rural areas, there is something drastically wrong. I think that Farmers Home ought to change even their systems and you all could give them enough money to run their systems and then they could work with sight drafts, things like that. But industrialized housing is the only answer that I see to the need of housing and it then, throughout all the rural areas, creates a brand new industry that has not been tapped and it creates a possibility for industrial development.

I am very sympathetic to farmers. I farmed around rural Ohio for 2 years of my life before I went to college but there is a desperate need for jobs for people who are not farmers and especially when you get into Appalachia. I do not know how you are going to farm because it is straight up and down in most places.

So there is an answer to us and that answer that we tried to work is that we have set up a corporation, the starting industry. Every man works for us, 40 men in the housing alone, have come off welfare. They are men who have not been unproductive in their lives but they are men who have found at one time in their life there are no jobs within this rural area and we do not even have a city over 35,000 in our area. We have taken these men, we have trained them to be productive. We have set up total market systems or tried to set up total market systems and if we continue, we will. We can train a management and worker group of people. We can set up flow systems for materials. We have set up flow systems for work, and so we have done all the startup that is necessary for a new industry within a rural area. Once we have done this and then within 18 months we can, with the Ohio Co. or several others who will underwrite it, start a brand new industry by getting a SBA loan for a new plant, selling stock for your capital and then borrowing working capital.

We can have a smooth flow transition from a nonprofit to a profit-making corporation.

I think the State of South Carolina does this. I think the State itself takes the new industry and trains all of their people; and then, when the new industry starts, they have a totally trained work force. This is a very creative approach, to me. I think there are answers to the problems of jobs within rural America, but I do not think you are going to, in any way, be able to deal with them under present systems.

And so in some way we have to find new systems, new delivery systems, new approaches, and I am afraid sometimes that possibly the traditional system that we work within our communities might have to be changed, too.

Thank you.

Senator HUMPHREY. Thank you very much. As you have been visiting with us, I have been scanning over some of your prepared testimony. Of course, it will be placed in the record. It is a very powerful bit of testimony. Thank you very much for what you have said, had to say and—I hope that, as some of our governmental officials read the testimony, they will look at what happens when there are these incredible delays. It is just as you painted.

Reverend PITZER. I would like to begin my testimony by saying that I am a revolutionary that works within the system. I'm dedicated to trying to solve the problems of this country, and also I must say that I am a very hostile person at this time in my life. The heart rending poverty, the heart rendering that you experience when you see bureaucracy that is unresponsive to the desperate problems of our society, have a tendency to make anyone hostile, and especially if they operate with a Christian conscience and a Christian concern.

For 3 years and over, I have worked with other concerned people to put together the Community Human and Industrial Development, Inc., that I will now refer to as CHID. CHID started out as a sheltered workshop for the mentally retarded. It grew out of an abandoned automobile garage and moved into an abandoned 5½-acre plant, with 51,000 square feet under roof. In this operation we employed the mentally and physically disabled, who, in this part of Appalachia, had no chance of obtaining gainful employment. This program was started and funded initially by what I believe to be the only true friend of the poor and forgotten, the Office of Economic Opportunity. During

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the workshop's growth it would come close to being totally self-supporting. This is true except for the fact that we constantly add new machinery to make the shop more efficient, and to be able to handle contracts for certain wood products that no one else can handle in our area. The workshop is a continuing thing, it is ongoing, it is viable, having as its customers Norfolk & Western Railroad, Ohio Stove, Portsmouth Casting, Dow Chemical and many other companies that buy pallets and wood products.

The next move we made trying to solve the problems of our society was to isolate some of the needs of the area. One need that we isolated was that many of the lower economic social groups have a need for short-term work, if, for some reason they are out of work, or cannot find any permanent employment. They need something to do, simply to be able to feed their wife and kiddies. Because of this, we started what we call a motor cleaning operation which basically consists of taking apart used automobile engines. We could call it environmental recycling possibly, but, it has to do with separating the cast, the steel and the aluminum out of automobile engines, then we sell each metal to industry within our area. This, naturally is a marginal operation but it only allows people who need to have quick cash to solve their problems. When we first advertised for men to take motors apart in the newspaper we had about 500 applications. It is the hardest, dirtiest job I know of. This can point up some of the problems that we experience within Scioto County, which is an Appalachian region.

Our Bureau of Employment Services will list 6- to 10-percent unemployment, but it is quite realistic to say we have a 20-percent unemployment factor within our county. We also have the highest percentage per capita of unemployed fathers on ADCU in the State of Ohio. Our population is declining, our economic base is declining and jobs are impossible to find. We have problems that are hard to comprehend when you live in any other part of the country.

The sociological fact involved, is that, these are not people who have been basically unproductive and used to living as unproductive members of our society. Granted they do not have the educational standards to compete in many of our large cities, but the majority of the men who are unemployed are men who, at one time or another, were productive. Now they have a crisis point in their lives when you cannot find a job. Naturally they become very bitter and very hostile when they feel no one in our society or the Government cares.

Following the period when we set up the motor cleaning we went through a time of self-examination, and through a time of group work to isolate the needs of the area and how to meet the needs. The priorities we came up with for CHID were job generation first, job training second, and a product third. Then working with Battelle Memorial Institute in an Appalachian study, we found that the product most desperately needed within Ohio Appalachia was housing. One hundred thousand housing units are needed within the next 15 years. We felt that this product then created, or made possible, the vehicle to do job training and job generation using the modular system of building houses.

If you would ask me why I'm hostile, I might say then the only answer I would give you is the bureaucracy in this country, and the poor delivery system of the various arms of government.

Up to the time when we started the housing factory, we were dealing mostly with local moneys and foundation moneys within our own area. We were dealing with OEO, who is a friend. Then we had to move into a wider range and deal with more established groups within the governmental structures.

We began by dealing with the Department of Labor, a very interesting department. If we would compute how many man-hours, how many meetings and how much travel the Department of Labor needed to give us a simple jobs optional training program, you would see why it is interesting. Over a year and a half we compute that the $45,000 that we were to get on the jobs optional program would be more than doubled by the administrative expense of the Department of Labor.

Possibly I'm terribly touchy about my own honor and about my motives when I am an unpaid volunteer who puts a good 60-hour week on CHID, 20 hours a week on my church and my church pays my salary and my expense account. The 450-odd souls that I am responsible for are very understanding, very lovable, concerned people who let me do this. But, I become hostile at a governmental system that is supposed to solve the problems of unemployment, but in some way, have no contact with the people who are unemployed. Many people can't understand how I feel, when I sit in my office and interview men by the hundreds for 30 jobs. To see grown men sit and cry because they have looked for a job for 6 months, they have no unemployment and the welfare office turns them off. To see grown men cry because they want to feed their children does something to you. It can be a positive or negative effect on a man like me, who, as my union friends say, a very dangerous person because I am a free man within this society, as is possible, because no one can pressure me. I am willing to show my concern to the problems of human beings out of Christian conscience any time that I can.

I think one of the problems that we had, was a Rhodes administration in power in the State of Ohio, and their main theme was that profit is not a dirty word in Ohio. They turned us off cold, they would not talk to us, and they couldn't understand the questions we ask them about jobs. When people are trying to do what we are trying to do under a nonprofit system of training people for 18 months, and then selling stock to start a new industry in the community, to give on-going and profitable jobs. For when they turned us down at the very beginning, does that mean that hunger, lack of dignity in not having a job, are these not dirty words then? Because of the former administration and the Department of Labor, we had to go to Washington and have a meeting with two Senators and a Congressman. Then it took 4 months after this to obtain a job training contract. We had our markets set up and we lost our markets because of time-lag. You begin to wonder if anything can ever be done in our society to try to solve problems, to make people productive and to supply jobs. How do you innovate new systems so that you can train people under a sheltered system and then move them into a profit making company. It's interesting to note, and I think it's South Carolina that does this. The State itself trains the men so that when a new industry comes in they have trained men. Our State was never that enlightened, but, we, as nonprofit concerned dedicated people tried to do it and there doesn't seem to be any way.

Once again, I want to impress upon everybody's mind that through all this chaos there was very few groups that are the friends of people like me. The friend of the people in dire and desperate need, people who want to work, people who want to feed their kiddies, people who want to have some dignity within human life, and they are the Office of Economic Opportunity, and the present State administration. They made their promises and they carried through with their promises. They, at least gave us a chance.

When we could supply decent housing to people for $10,000 a house, 1,100 square feet, and still make enough to cover all expenses, have a little bit of a cushion, then we were winners. When we could turn out three houses a week, when we could, in some way, show what could be done with low skilled, low educated people, and then because of the Department of Labor we lost our sales contracts. Because of the slowness in the bureaucracy we lost our momentum. Everything is in the balance now as to whether we continue. There needs to be a reevaluation of the whole governmental system, there needs to be a whole reevalutation of bureaucrats that are unresponsive to the people in this country. Possibly laws need to be changed to allow people like us to find a home or at least to exist.

Another group that I am very sympathetic with, but they can't help solve the type of problems we are dealing with in the Appalachian region, is Farmers Home. I have my thing about them too. They move very slowly. It is not their fault, it is the fault of the legislative branch of our Government. We can allocate millions of dollars for loans through Farmers Home, but we only give them thousands of dollars to hire people to administer the loans. Any given county supervisor has to take care of sewage and water, homes and farm loans, and rehabilitation loans. Our supervisor who has three counties, finds that there is no human way that he can possibly administer the moneys given to him.

When we speak of proper housing I would sincerely hope that the Federal guidelines would not be changed to allow for mobile homes to be financed by Farmers Home. Mobile homes to me are kleenex housing, when they are needed they are needed desperately. In many areas we need them desperately today, but when systems are developed to supply housing that will appreciate rather than depreciate I feel that they are not needed for the poor people's market, because they can't afford them. The elderly, the young couple, may need the mobile home, but why should we take some poor guy that works like a dog in a gas station or in the lumber yards or in the forest, who makes $60 to $70 a week and put him into a mobile home that in 10 years will be depreciated? Why not put him into a normal house that he can finance over the Farmers Home 33-year period, and by the time he pays for it, it will be worth more than when he bought it under the inflationary system that we live with in this country?

To finish up this part of my testimony which comes from very gut-tearing experience, I, personally do not know an answer to dealing with the problems of unresponsive Federal agencies or conservative bankers, to uncaring power groups within the Appalachian region. I know that I have an answer on how to employ people, how to train people, how to put people in decent housing, and, how in a very real way, to build new industry within the Appalachian region, to give ongoing jobs and hope to the people who live there. When, in some

way, you can put together the society to solve its problems then, and then alone, will we have a country we can respect.

My final word is an explanation that I am a pragmatic thinker. I'm not a theorist, I'm one of those technicians within our society that's been highly trained through my own experience, who has been highly educated, because my church requires it. I am sensitive to the needs of others, and I have an ability to organize and to put things together. I find at nights, sometimes it is hard to sleep in my very beautiful rectory because of the desperate condition of many of my brothers. They are not people who do not want a chance, all they want is a chance to prove that they can do something, that they can work, that they can hold a job, but when you have 20-percent unemployment, how do they find a job.

We have been able to put people who lived in chicken coops, and I mean this literally, live in chicken coops, into decent homes. Old people who live in shacks and could not go through the winter move into decent houses.

I sometimes just ask, why? Why? Why do I take a chance on shortening my life, why do I affect my family, why do I ruin my career within the church for the good of these people, for the good of God's children? I have the answer gentlemen, and I can theoretically give the answer from a Christian point of view. I can say, it is because of man's sinfulness that I run into these problems, of man's selfishness and self-concern. I can copout on the whole situtaion by blaming everything on other people and possibly other people are to blame, and, yet I must always take a share of the blame because I am a member of this race, of this human race.

There must be an answer somewhere, somewhere hopefully within the system to the plight of the innocent poor, to the rural American who has been passed by, to the Appalachian poor who doesn't stand a chance. There must be some way to create jobs, that are not deadend, like political jobs run by local government officials. There must be some way to get people into houses, without paying through the nose by the Federal financing systems. There just, in some way, must be a way that we can give people dignity, that we can let them live with honor, that we can give them a chance to show them that somebody cares. The only answer they seem to get from every area is simply that our society just doesn't give a damn.

Senator HUMPHREY. Next is Mr. Farrington.

STATEMENT OF J. E. FARRINGTON, EXECUTIVE DIRECTOR, OHIO VALLEY HEALTH SERVICES FOUNDATION, ATHENS, OHIO

Mr. FARRINGTON. Thank you, Senator Hemphrey. It is a pleasure to appear before you to discuss our experiences in southeastern Ohio as to the need and impact of rural health development programs. I have been sitting here for several hours listening to others testify and have wondered why I was held as "anchor man" to the hearing. I've thought of two reasons: one, because health or the lack of health services in rural areas has received much comment this afternoon, and I appear to be the only person to offer testimony on this problem, or, two, because you wanted to end the hearing on a note of optimism——

Senator HUMPHREY. That is what we want. A little upbeat before we leave you here.

Mr. FARRINGTON. Fortunately, the seven rural counties that I represent have been designated by the Appalachian Regional Commission as one of the 13 health demonstration areas under section 202 of Public Law 89-4, as amended. As you know, the Appalachian Regional Development Act of 1965 is one of the most daring experiments for rural development, on a regional basis, ever attempted by Congress. Our seven counties in rural Ohio, which are part of the Appalachian health experiment, are typical of the other 2,800 rural counties in the United States. We had, and in certain areas still have, all of the common health problems. Health services were not readily accessible. Services were not available. Often the services that were available were not acceptable. There was no continuity for patient referral. There were no alternatives to acute care. Except in rare cases, there was no public accountability for how the health dollar was consumed or expended. Over 50 percent of the families in our area earn $5,000 and less. These people are medical indigents. Even if there had existed a portal of entry—for service—and the necessary facilities and professional manpower to care for their basic health maintenance needs, these people could not afford treatment. We were really in trouble.

In order to upgrade the delivery of health services in our area through health planning and the Appalachian investment, we have attempted to provide expanded services by making them more readily available, accessible, acceptable, accountable with continuity of services with varied alternatives to patient management. This has resulted in:

1. The development of an interrelated hospital system of eight facilities within 30 minutes or less driving time for all area residents. These facilities offer or will offer the total range of services to include ambulatory patient centers, emergency room facilities, acute, diagnostic, rehabilitative, long-term care and outreach home care programs. Nowhere in rural America will you find a hospital complex of this significance.

2. All of the health and educational facilities will be interlinked with a microwave (video) two-way audiovisual network that will unify the system and eventually bring about shared services to conserve scarce resources and facilities placement of the nonphysician in remote areas as a new portal-of-entry for primary health care. The system will upgrade the quality of patient care by bringing the consulting health specialist to the bedside of the patient and augment the rural health providers ability to render the highest quality of care that normally can only be obtained in our major teaching medical facilities. The initial medical school involvement will be at Ohio State University, but we hope that eventually the system will involve the medical school at Cincinnati and Morgantown, W. Va. This would make the network available to a much larger rural area and population.

3. The development of a regional health manpower training institution for training our indigenous manpower pool into new health skills through an associate degree program, to supply the manpower needed for our expanding health service complex.

4. The initiation and provision of outreach family planning, maternal and child health care programs.

5. The development of comprehensive child development programs for early case finding, evaluation, definitive health care, educational and training services. To include day care centers and rehabilitative services from preconception through early childhood.

6. The development and provision of emergency and invalid transportation systems for the sick and injured rural population, controlled by radio dispatch and alert system.

7. The development of specialty centers for such chronic diseases as black lung, TB, alcohol, and drug abuse.

8. There is an extreme shortage of physicians and other allied health professionals in our area. We have roughly 50 physicians per 100,000 population in comparison to the national availability of 150/100,000. There is indeed a maldistribution if not an actual shortage in the Nation. It appears that the rural areas are suffering most from this imbalance. In our area the available physicians are phasing out of practice faster than replacements can be recruited. Our present physician population is predominately over age 50, with only 14 percent under age 40. Our problems will become more acute during the next 5 years when the 26 percent over age 60 retire. We are attempting to correct these shortages by using money to assist in the relocation and practice start up cost to meet our immediate needs. For the long haul, we will be placing medical students under contract by subsidizing their educational expenses for a commitment to practice medicine in our area once they are licensed.

The above are only a few of the highlights of what our agency has been doing over the past 4 years in trying to resolve some of our rural problems. This has not been inexpensive. We have invested approximately $14 million in Federal funds, which has stimulated roughly $40 million in health service components. The 26 million that augmented the Federal grants have been raised through many unique approaches, gifts, loans, and fee for services have been the major source of local funds. We still have a long way to go, because it is still hard to get into the system. Our major weakness is still the lack of finances for personal and public health care services, and the shortage of primary care entry points for the people to enter into the system to take advantage of the health resources that are or will be available to them in the near future.

I am not here today to claim that we have found the solutions to rural health problems, but I believe we have demonstrated that comprehensive health planning—as envisoned by Public Law 89-749—with funding assistance to implement the plan—as provided by Public Law 89-4—can be successful. A well-conceived plan and priority determination, coordinated and devised by community participation—the community trustee concept—is only as good as the communities' ability to implement the needed programs. Implementation of a plan requires money, but money alone will not assure the provision of quality health services.

It appears to me that there exists between Congress and the Department of Health, Education, and Welfare, a dichotomy between congressional intent and administrative implementation. I could cite for you many other examples of conflict, but for the sake of time, I will limit myself to this one.

On March 1, 1971, President Nixon said in a White House address:

> There is a shortage of doctors and medical personnel in this Nation; but there is also a problem of distribution of medical services. Those in remote rural areas

often feel this lack more acutely than those in the inner cities. We mean to provide Federal assistance to guarantee that the sick and injured in rural sectors of America have the opportunity for the same high quality care that is available to Americans in other places. To help bring such services to rural areas, we propose to establish new area health education centers in medically under-served areas, and expand programs to encourage doctors, nurses, and physicians' assistants to serve in scarcity areas.

We in rural America applaud this laudable set of objectives and are pleased that health, America's third largest industry, is receiving the national attention that it is—but, we at the grassroots level of implementing health services know that a set of "objectives" without the wherewithal to implement them is just another futile mental exercise. Legislative health assistance programs devised by Congress to help overcome our problems are all too often inadequately funded and the implementing regulations are aimed at the ever-growing problems of the metropolitan centers and are not readily adaptable to the rural health crisis. The legislative efforts are as fragmented and disjointed as our critics say the health care system is.

The health practitioners are asked to change their method of providing health services. They are asked to innovate and try new methods. The President has suggested using physician assistants to serve in scarcity areas. There is a growing interest throughout the health care system to do just this—however, medicare/medicaid regulations and other legal restrictions clearly prohibit payments of physicians' fees unless the physician and patient come together face to face. Specifically prohibited are payments for nurses and paramedics working from standing orders and telephone consultations with physicians.

Senator HUMPHREY. So really, what you have is a system that authorizes something that just does not permit it to work.

Mr. FARRINGTON. Right. The system for financing health care and innovations is like the dance step you referred to earlier. One step forward, two back, a shuffle to the right a shuffle to the left, two steps forward, a step back.

Unfortunately, the reimbursement method will become a greater problem as we implement the first phase of a long-distance microwave telediagnosis video system—the first in the world—for a rural population in southeast Ohio next year. When we place the nonphysician in areas of scarcity, as suggested by the President with funds for reimbursement provided by Congress using the most advanced automated technology available to insure physician's supervision for patient evaluation and quality of care, who will pay the bill? It is now time for a marriage of congressional intent and administrative implementation in order that national philosophy can be realistically achieved. In other words, the actions of the left hand should be synchronized with the actions of the right (no pun intended).

It appears to me that while we are addressing ourselves to rural development legislation, that the health component should be designed to fit the unique problems of a rural population and not left to evolve, as an afterthought, from the urban economic, ethnic and racial crisis. I think we must face the actual fact that rural health care is different and initially will be more expensive than that for an urban population. If we are to do something other than give lip service to the growing expectations of our rural people, we must also be willing to pay the price. The factors that will influence the cost of rural health care are many but a few of the obvious are—a higher per-

centage of over age 65, higher chronic disease rates; poor transportation systems; wide dispersal of population (for instance, in our area 220,000 people are scattered over 3,000 square miles, opposed to a city where this number can live in a radius of a few square blocks); high accident rates; no emergency patient transportation system; inadequate and often obsolete medical facilities; extreme shortage of health professionals; and an insufficient tax base to finance necessary public services (to name only a few).

Why are we throughout rural America still experiencing these problems? The cause and effect have been known for years!

I think Congressman Roy of Kansas hit the nail with a solid whack, when he addressed the House on November 11 on the Health Maintenance Organization Act of 1971. His comments and our experience in southeastern Ohio should be carefully evaluated when this subcommittee makes its recommendations on a rural development program, particularly as it addresses the health issue. Mr. Roy said:

> Why does our health care system have problems with availability, accessibility, and continuity? The answer must be one of responsibility—for no one, no group, no agency, no individual in our society today is responsible for assuring that health care is delivered to our people. No one is responsible for securing doctors for our rural and inner city populations. No one is responsible for assuring that services—doctors, nurses, clinics and hospitals—are located, operated, and supported by other social services in such a manner that all of those that need health care can receive it. And too often no one is responsible for assuring that the individual patient is approached and managed as an individual person, with a history and a personality, not merely a discontinuous, unrelated number of physical problems.

Who should be responsible for organizing the delivery of rural health? My contention is that comprehensive health planning agencies are viable mechanisms with the ability to accept this challenge. However, they lack the authority and funds to implement the product of their efforts * * * the community identified priorities resulting from the planning process. They should be granted the authority to control the expenditure of a portion of the health dollars in order to assist in the reallocation of our scarce resources on a regional rather than a local basis, when this approach better serves the health consumer. Funds from some source must be made available to assist in the necessary start-up cost for new services and the reimbursement formuli must permit flexibility so that the health provider can direct the consumer to the proper level of care in the most economical manner, thus opening up alternatives to acute hospital care.

I would hope that in the new legislative proposal that a specific mention would be made as to the need for a health portion of the State plan and the commitment of funds to this end. Also, that those health demonstration projects authorized initially under section 202 of the Appalachian Regional Development Act of 1965, be afforded the opportunity to complete their demonstrations until fiscal year 1974 with sufficient funds not only for continuation of component projects, but for new projects as well to complete the overall demonstration as set forth in our 5-year developmental plans. To cut off funding assistance at this point could well jeopardize the investment to date, and the effort developed may be lost to the national interest, and particularly to rural health development.

Thank you, sir.

Senator HUMPHREY. Well, I want to thank you, sir. I hesitate to cut this off but I find out we have got severe weather problems and I have got to get back for an executive committee meeting tomorrow morning of the Committee on Agriculture. We have got a little problem there that we are trying to take care of. I was going to Minneapolis, I want you to know. That was my intent but I have had to change.

As we close these hearings, I want to merely mention that the record will remain open for a period of 10 days for additional statements or any additional testimony.

Secondly, those that did not appear today that were scheduled to appear, their testimony will be incorporated in the record as if they had presented it. If they have not made it available to us now, we will be back in touch with them to make sure that they do get their presentations in.

Then I would like to suggest in reference particularly to your testimony on health, that we may get in touch with you because we are going to do a special report on the—we plan to do that, special health aspects in rural America. We will take this along but we most likely will have somebody from our professional staff get in touch with you and I am sure your Senators are knowledgeable of this as the Congressman has listened attentively to you here.

I would hope that you might share this testimony with the two Senators and it might be very well all the way across the board to do that. This helps build an understanding of the problems so that we do not look as if we are coming in with information that is unrelated to specific problems in the area of Ohio.

Other than that, all I have to say is an expression of thanks for your patience and your participation. We will try to be mindful of all of your suggestions.

I find myself much better informed after today.

Congressman Latta?

Mr. LATTA. I just want to comment, Senator, that I am pleased to hear the testimony in effect saying that the health program of Appalachia has been somewhat successful because all the other testimony has been just the other way. I was beginning to wonder whether or not any of the programs we have been passing for years and years, especially for Applachia, have been in vain and I think perhaps, Senator, we ought to take another look at that Applachian program because from the testimony here today they just have not been doing the job with the exception of the health program.

Reverend PITZER. Well, the legislation of Appalachia is so restrictive, in an organization like I mentioned CHID, we cannot fit under Appalachia. We can fit under the Department of Labor, so Appalachia is a new issue to me in a sense, although I know the fantastic good it has done in our area because Bill Harsha is very much involved in it.

Senator HUMPHREY. I look upon some of these programs—they do not all do the job, sort of like someone who has arthritis. We do not have any cure. Somebody said are you not taking aspirin? He said yes, but it does not cure it. He said how would you like to be without aspirin? And again, I know that some of these programs do not cure it but they do get at some of the problems, I think.

You know, my original training was in pharmacy. I can always keep that on the record because politics is precarious, as I found

out but I learned something about that. If you give an underdosage it would be better if you did not give anything; 25,000 units of penicillin for an infection is about as useful as going out here and taking and having a gumdrop, maybe actually less useful. A gumdrop has some dextrose in it. It would be more helpful. But if you give them a million units it most likely will have a remedial effect, help clean out and cure that infection.

Part of the problem with these Federal programs is that we just plain do not live up to what we say we were going to do. We give big authorizations which is big news and then comes along the appropriations. Take a look. We heard a lot about sewer and water for rural America. Fifty percent of those funds are being held back.

Mr. FARRINGTON. May I comment?

Senator HUMPHREY. We had people here from the REA speaking about rural telephones. A lot of those funds are being held back. There may be reasons for it but I want to say that, you know, we cannot knock the program if we do not put the funds in. If you go a hundred dollars here and you are in need, no use saying the human body is weak if you only have half the amount of blood you ought to have. You have got to get pumped up and much of what the problem here is that we just do not get at it.

The housing problem; I listened here to housing. Here we have the aerospace industry. The aerospace industry is a construction industry with vast amounts of research and development.

Now, any company that can make a fuselage for a B–52 or a 747 can make a house and make no mistake about it. And they can make good ones and there are new materials, there are new methods, and there are new ways of doing things, and we have got to find a way to get at it, but part of the problem is even on the so-called prefab housing, modular housing, it takes a lot of financing and when you have got the uncertainty of interest rates and closing charges and the availability of moneys it is hard to get geared up for it, but if you go to a company and make a contract, if the Government really in a sense underwrites a contract, and to the building tradesman and say, look, here is a contract for 250,000 units of housing and you have got guaranteed employment for the year—you do not have to work on a seasonal basis—you would be able to produce that housing.

We can produce good housing right now. Good three-bedroom homes right now can be produced and they are being produced for $12,000 but they are being produced by small little plants. It is like building—like General Motors trying to get by on producing 5,000 cars a year. But General Motors has financing, so it can produce millions of cars and this is the way you are going to have to do it in some of these big needs of ours.

Well, I have my own prejudices on these items but the main prejudice I have is we are unwilling to break with the past. We are just plain unwilling to try something new around this country. We keep on building—we are building houses like they built them in the time of George Washington and Queen Elizabeth, one at a time. If we built automobiles that way we would all be walking and bicycles would be our main form of transportation. We do not build houses one at a time.

Reverend PITZER. Senator, one thing. I agree totally with you. When 40 men who have been on welfare can turn out three to four houses a week, three-bedroom 1,100-square-foot houses equal to any stick-built house, that is a new system.

Senator HUMPHREY. You bet.

Reverend PITZER. But why do you have to fight so hard to get a new system?

Senator HUMPHREY. I do not know.

Thank you very much.

(Whereupon, at 5:55 p.m., the hearing was concluded.)

(Additional statements filed for the record are as follows:)

DULUTH, MINN., *November 29, 1971.*

Hon. HUBERT H. HUMPHREY,
Senate Office Building, Washington, D.C.

DEAR SENATOR HUMPHREY: Our cooperative would like to express its support for your continued efforts in behalf of rural development and in particular your sponsorship of S. 2223, the Consolidated Farm and Rural Development Act.

Lake States Forestry Co-op is engaged in several programs to provide services to loggers and lumber processors in rural Minnesota, Wisconsin, and the U.P. of Michigan. Our major activities are a technical assistance program to help small sawmills and related processors become more efficient, and the operation of a lumber marketing service for small mills. We have been operating since February, 1970 and our business is growing steadily.

Our staff has been providing technical assistance to rural entrepreneurs and business enterprises striving to start new wood using businesses or expand present operations. In almost every case the development process is hindered by inadequate financing. In many cases these businessmen are unable to get help from existing financial programs (SBA, EDA, Banks) because of their limited financial resources, lack of business experience, or simply because of the rather tightly drawn policies of the agencies involved.

The present financing system does provide help to rural people but too many good, solid business and public investments are left in the feasibility report stage and are never implemented.

Enactment of S. 2223 would stimulate the economic development process in the rural areas by supplementing the financial and credit services which are now available. The major service as we see it would be the provision for business loans for acquisition and improvement of real estate, for purchasing new equipment and working capital. The wood-using businesses that we deal with are fully capable of paying current market interest rates so that interest rate supplements are not so critical to the development process. The provision of the business loan type of financing is the key to rural economic growth.

However, we believe that the business loans must be paired with a strong technical assistance program to insure overall success. This assistance should be provided both by personnel of the regional development banks and skilled persons from the various federal and state agencies. It is important that the technical assistance be recognized as an on-the-ground function which can only be provided by persons who have specific technical skills needed by small businessmen, public officials and other recipients of funds. Our experience indicates that in situations where solid technical assistance is available the success ratio of development loans is high. However, where technical assistance personnel adhere to the concept that assistance should be provided at a distance and only in emergencies, failure rates are high.

In order to strengthen the technical assistance portion of S. 2223, we would recommend that an additional appropriation be made by the credit agency to support appropriate technical personnel in existing federal agencies who possess skills needed to assist in organizing new businesses and assist these new businesses through the difficult start up period.

To insure the equitable distribution of credit funds and services of the agency, we believe that the present language of S. 2223 should be modified in Section 506 to insure that the high credit needs of the State and local governments and municipal programs do not absorb the lion's share of the credit and services available. We would hope that the act could in fact set the maximum percentage of funds that could be allocated to various types of potential users.

Our co-op's members are encouraged by the tremendous potential for economic development which is contained in the consolidated farm and rural development act. We are certain that if the credit and financial services outlined in this act were presently available, the economic situation in our three state area of operation would be significantly improved. We trust that you will continue your efforts on behalf of this bill and the entire rural development program.

Sincerely yours,

JOHN E. FISHER,
Director, Lake States Forestry Cooperative.

STATEMENT OF WILLIAM R. POOLE, VICE PRESIDENT OF MARKETING, TOLEDO EDISON COMPANY, TOLEDO, OHIO

I am William R. Poole, vice president of marketing for the Toledo Edison Company. I have lived virtually my entire lifetime in Northwestern Ohio. In my present position those directly responsible for the activities described below report to me. It is with this background that I address myself to the subject of rural development in Northwestern Ohio.

Toledo Edison Company, an investor-owned electric utility, serves 2,500 square miles of Northwestern Ohio, mostly rural.

For several decades our company has been leader in helping these rural areas to maintain economic and population stability. Our approach has been two-pronged. First we have worked directly with the family farmer, providing information and technical assistance to help him operate his farm profitably. We have also worked with the smaller communities in an effort to attract industry which not only builds up the tax base but offers jobs to the people in the surrounding rural areas.

We have met with considerable success in both efforts. The farms in this area are among the most productive and profitable in the nation and virtually all of the small communities are gaining in population. I might add that these successes have required a tremendous amount of time, well-trained manpower, patience, perseverance and, above all, cooperation at the local level.

Appreciation of the importance of agriculture and "agribusiness" to the total economic stability of Northwest Ohio is evidenced by the Toledo Edison Company maintaining a staff of agricultural engineers since 1937 and an active area development team since 1951.

The aim of the agricultural engineering staff is to aid in developing sound agricultural programs which will benefit the family farmers in this area. We recognize that profitable agriculure means economic vitality to the local rural communities because money from the sale of crops or livestock turns over at least three times before leaving the community.

In addition to working directly with the farmer in solving his technical operating problems we have also worked to provide reserach and economic data useful to farmers, financial institutions, and other business related to agriculture. This is a broad and long range approach which provides the information necessary to help the agribusiness of the area recognize the opportunities in certain agricultural products as they develop. This effort helps the farmer adjust his business to the times.

To accomplish these ends the Toledo Edison Company employed one of the nation's most respected agricultural research firms to make market research and economic feasibility studies of highly specilized agricultural operations exclusively for this area. The studies were then presented to local banks, farmers, local suppliers to farms, farm product processors, agricultural educators, and county agents.

One study, made in 1967 on poultry, resulted in a $3 million annual increase in the area's rural economy. Another program, in 1969, pinpointed the potential in swine for certain size operations and type of animal. The result was a boost to the annual area economy of an estimated $1,400,000.

On completion of these studies our first contacts were with the financial institutions. This approach was taken because we realized that the lending institutions had to recognize that the expansion of these specific agricultural activities were sound investments in order to assure the availability of money.

We have attached copies of these two studies so you might see the thoroughness of these reports which we feel is essential to success.

As indicated earlier, Toledo Edison formally organized its industrial development effort in 1951. Similar activities had been carried out for many years in a less formal manner.

Many years ago Toledo Edison recognized the plight of the small rural community which was becoming economically stagnant as the young people moved to the metropolitan areas to find jobs. Our initial industrial development efforts focused on locating small industries which could be assimilated into these communities without disrupting them.

This area of Northwest Ohio is dotted with small towns of 2,500 population or under which have traditionally been rural trading centers. As in other parts of the nation, the improvement in transportation and the reduction in rural population had resulted in diminishing business in these communities.

Recognizing this trend, Toledo Edison set out on an educational campaign in all these communities to point out to them that their economic survival depended on attracting suitable industry to their town.

Concurrent with this educational campaign, Toledo Edison was developing a profile of each community's assets which might prove attractive to industry. A typical profile and site plan are attached. This analysis helped to point out any deficiencies which existed, such as the lack of adequate water, sewage, etc. The company then worked with interested groups of citizens in organizing themselves to correct their inadequacies and to provide a group which could be depended on to help a potential industry in the development of a plant site. At no time were there any incentives offered to industrial prospects such as tax abatement or free acreage or free buildings.

During this time Toledo Edison was conducting a national advertising and direct contact campaign to attract the attention of industrial prospects to Northwest Ohio. The most important ingredient to the success of this program was enthusiastic grass-roots local involvement.

We have demonstrated in Northwest Ohio that the rural areas need not die. However, there is the need for leadership from an organization such as that which our company has provided for this area. There is also the need to find a way to help the rural communities solve their greatest and most perplexing problem—the lack of adequate water and sewage facilities—without a tremendous burden under the normal financing procedures.

Some financing method needs to be devised so that adequate water and sewage facilities can be constructed to provide these utilities which are essential to the growth of the smaller communities. In most instances there simply is not enough available capital in these communities to finance these projects.

The communities of Northwest Ohio have made good progress. With adequate municipal services they can continue to grow.

We, at Toledo Edison, have been actively working to further the healthy development of rural Northwestern Ohio for many years and we take pride in the progress which has been made so it was with some restraint that we kept this statement brief for your convenience. However, if you wish additional details about these activities we are eager to help.

(The studies referred to above are on file with the Subcommittee; the attachments are as follows:)

Community Profile—Delta, Ohio

LOCATION AND POPULATION

Delta, with a population of 2,600, is located in east central Fulton County. It is 30 miles west of Toledo, 87 miles southwest of Detroit and 213 miles east of Chicago.

TRANSPORTATION

Highways—Delta is located on U.S. Route 20A and Ohio Routes 2 and 109. The Wauseon interchange of the Ohio Turnpike is seven miles away. Interstate 475 is 16 miles.

Rail—The Penn Central, Norfolk and Western and Detroit, Toledo and Ironton railroads all interconnect in Delta, providing excellent freight service.

Truck—Daily service is provided by Mohawk, Shippers Dispatch, Duff and Dundee truck lines.

Bus—Short Way and Trailways bus lines provide daily service to the town with connections nationwide.

Air—Toledo Express Airport is located just ten miles east of Delta. All types of commercial aircraft, including jets, provide extensive daily service. There is also a grass strip for light planes at the east end of Delta.

GOVERNMENT SERVICES

The local police force consists of three full time, and two part time employees. The volunteer fire department has 27 men and six trucks (one emergency squad vehicle). Delta has an insurance classification of 6. A mayor and six councilmen make up the city government.

TAX RATE

The total tax rate of 43.70 mills based on an assessment rate of 39% is broken down as follows: Schools 30,80; Town, 7.10; County, 4.40; Township, 1.20; State, .20.

LABOR

The following entry wage rates are generally offered by Fulton County manufacturers:

Unskilled:	
Male	$1.60–$1.85
Female	$1.60–$1.85
Semiskilled:	
Male	$1.85–$2.00
Female	$1.85–$2.00
Skilled:	
Male	$2.00–$2.50
Female	$2.00–$2.30

PRESENT INDUSTRY

The largest industries in Delta and number of employees are:

	Total	Male	Female
Markey Bronze Bushing Co	150	121	29
Little Dude Trailer Manufacturing	71	69	2
Delta Trailers, Inc	7	7	0
H. W. Madison Co	34	18	16
Seasonal	60	42	18
Dunnage Engineering, Inc	22	22	0
Seasonal	72	72	0

WATER, SEWER AND UTILITIES

The municipal water system has a reservoir with a total capacity of 130 million gallons which is to be tripled in size. Present average usage is 1,000,000 gallons per day leaving over 500,000 gallons available for new industry. Delta has a new sewage treatment plant with excess capacity. The Toledo Edison Company supplies electricity and natural gas to the town for both industrial and residential use. Information concerning rates and available service can be obtained from the Company's Area Development Department.

RECREATIONAL AND CULTURAL FACILITIES

Delta has a 22-acre town park, a five acre public playground, swimming pool, ice skating rink and ball diamonds. Oak Openings State Park is a few minutes drive from Delta. The town has a new library and town hall.

Fraternal and other clubs are Rotary, Service Club, American Legion, Eagles, Odd Fellows, Masonic, Eastern Star and Isaac Walton League.

INDUSTRIAL DEVELOPMENT

The Delta Development Corporation, through direct ownership and land options, has 200 acres of property. This property consists of several parcels of land and some with railroad. The land can be divided as a smaller parcel is needed. Water, sewer, gas and electricity are available at the sites.

GENERAL INFORMATION

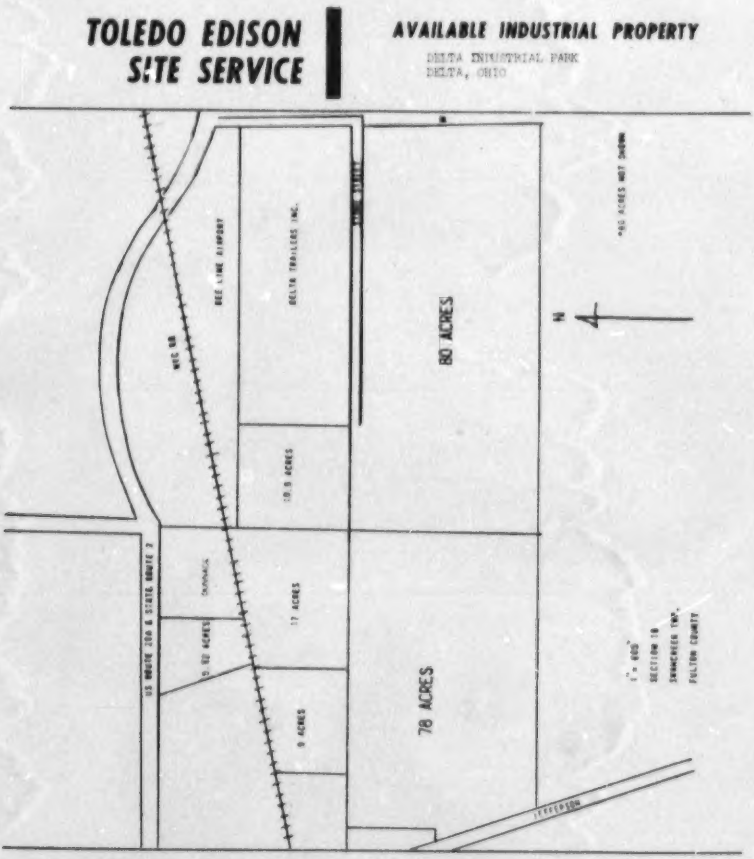
Financial—Two local banks have total assets of $15 million and deposits of $13.8 million. A savings and loan has resources of $16 million.

Medical—Delta is served by two dentists and two doctors. The nearest hospital is seven miles away in Wauseon.

Communications—The Delta Atlas is a weekly newspaper. Three Toledo television stations are received, as well as four from Detroit.

Churches—Faiths represented are the Christian Union, Assembly of God, Church of Christ, Lutheran, United Methodists, Church of Nazarene and United Brethren.

Schools—Delta has one grade school and a high school with industrial arts and home economics occupying separate specially designed buildings. The schools are consolidated with Pike and York Townships with a total enrollment of 1652 students.



Location and Description: Delta Industrial Park, Delta, Ohio, located 30 miles west of Toledo, Ohio. Ground is level and clear with good drainage.

Zoning: Heavy Industrial.

Railroad: New York Central.

Streets and Highways: Stone Street is a 60 foot wide black top road providing access to U.S. Route 20 Alternate and State Route 2 which are principal east-west highways. Site is seven miles east of Interchange 3 of the Ohio Turnpike.

Power: 7200 volt primary, 34.5 KV sub transmission available from the Toledo Edison Company.

Gas: 4" high pressure (50#) on Stone Street by the Toledo Edison Company.

Sewer: Package plant installed for each industry south of New York Central Railroad. North area served by municipal plant.

Storm Sewer: South area served by two 12" storm sewers on either side of Stone Street.

Water: 12" on Stone S reet from Delta Water Department.

BOWLING GREEN, OHIO, *December 21, 1971.*

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I feel myself extremely fortunate in that I was abe to sit in on the hearings held at Bowling Green University on December 14, 1971. I was especially pleased to have the chance to speak with you personally and ask your permission to send along some information to be included in the conference testimony.

First, I was most impressed with Mrs. Papier's testimony on aging, and am pleased that you found it so meaningful. I think a few substantiating comments need to be made on this subject. Assistance payments under Ohio's Old Age Assistance program are barely adequate. Of course when compared with Aid for Dependent Children payments they are profoundly better. I think it can be said that the average old age recipient can survive on Public Assistance, if they manage carefully. One common complaint the elderly make is that the purchase price of food stamps is often more than they spend for food. This says something about nutrition among the elderly, but also makes me wonder if we could make the amount of food stamps one must purchase per month more permissive.

There is no doubt that the elderly poor, as well as all poor people, are isolated in our rural counties. This county has a good road system in terms of number of miles of paved roads. However, if you have no means of traveling on them, they are of little value. What inexpensive housing we have is in the country for the most part, so the poor either move to the country or to the city to find cheap rentals. In the city of Bowling Green apartments geared to the University community are rapidly taking over the low income housing areas. Rentals for older houses and apartments in the "inner town" are averaging $150.00 per month plus utilities, and many are more. The beginning wage for a custodial worker at the University is $1.93 per hour. Soon there will be no one who can afford to work for that wage because of lack of housing within driving distance of our major employer.

Services are primarily located in Bowling Green or Toledo. Hospitals, medical personnel, government agencies, major shopping areas, social agencies, etc., all must be traveled to. Few agencies make any attempt to reach people in need, except for the Department of Public Health and Public Welfare.

Therefore the poor person, young or old, must find transportation to the town or city for nearly anything, and then must determine where to go to find what he needs. Too many times he comes to Bowling Green for services that are actually located in Toledo.

This county is especially deprived in the area of health care. About 60% of the people live in rural areas. However, there are only six Medical Doctors, four Doctors of Osteopathy and two Opthamologists practicing in the rural areas. Two of these are in North Baltimore, one in Grand Rapids, one in Wayne, two in Pemberville, one in Walbridge, and five in Perrysburg. We have one dentist in North Baltimore. All the others are in Toledo, Bowling Green, or Perrysburg. Many people along the northern border receive their medical care in Toledo, which is a positive factor for consideration.

We have one hospital in Bowling Green. The osteopaths cannot practice there, which limits them to a Toledo hospital. Bowling Green has two obstetricians, one psychiatrist, and one urologist. All other specialists are in Toledo. Few doctors are taking any new patients. As you can see the problem is serious for all residents, and especially for the poor. Some of our doctors refuse to "take Welfare" or to accept Medicare assignment, because of "red tape and delayed payments". I assume they are voicing their real motives for refusing these patients.

The Mexican migrant is in especially bad shape. For starters, they bring all health problems that have gone untreated during the winter with them when they come in the spring. It is a fact that without a $150.00 average down payment, a pregnant woman in Texas is refused admission to most hospitals. Nutrition among migrants is usually poor and many suffer from anemia, diabetes, obesity, and high blood pressure, as well as toxemia in pregnancy. We have had Migrant Health Act funds since 1967. In 1971 the County Health Department

received $51,000 for clinic services for migrants. When the program began the Health Department could pay 53% of billed hospital charges for inpatient care. In 1970 they could pay 80% of the 1969 hospital expenditure. In 1971 the figure dropped to 50%, and in 1972 it will drop to zero. In other words, in 1972 the Migrant Health Act cannot pay anything for in-patient hospital care for migrants. This will throw the whole burden on General Assistance (legally called "poor relief"), funded by the state and local government. It is evident that Ohio needs a broad health insurance plan for the poor.

One area of health need in rural America which is badly neglected is mental health care. We do have a public Mental Health Clinic, but it does nothing in community education about mental health. It does provide us with out-patient care, and some counseling services. Usually those people in rural areas are left with no facility for mental health care.

Finally, I feel one area which should be covered in testimony regarding rural American life is the justice system. Under Ohio law, any licensed attorney may be elected judge. While in office he may appoint anyone he wishes to positions in investigation and probation. In our area, and I suspect in rural America in general, guilt is assumed until innocence is proven. The public news media has a tendency to imply this, and I think this attitude carries over into the courts. I am especially saddened by our juvenile justice system. Probation officers in the rural areas are all too often law inforcement officers with no professional training in the art of working with children. More important, they do not see themselves as working in rehabilitation of children with problems. The situation is complicated by the fact that Ohio has an "unruly child" law. This gives the juvenile judge the authority to declare a child who has been a problem unruly, even though the child has committed no crime. This "unruly" child is then turned over to probation authorities who are punishment oriented, when in fact the child and the parents need professional help. The juvenile courts in Ohio confuse dependent and delinquent and unruly children. Custody is assigned to probation or children's services or both concurrently, and no one knows who has responsibility for the case. I maintain that we are a helping profession and probation should be the same. We should work closely together for the rehabilitation of the child and family. Punishment oriented corrections just don't work; this is certainly true of children.

I hope this random information will be of some value in your study. Any of us working in agencies trying to help could go on and on talking about problems in the system. I have tried to relate some problems I feel are important, but could not have covered them all concisely. In any case I submit this for what value it has.

Again, thank you for choosing our area for this hearing. It was as helpful to us as I'm sure it was to you.

Respectfully,

ELLSWORTH M. EDWARDS,
Director, Wood County Department of Welfare.

STATEMENT OF MELVIN BORTON, WAUSEON, OHIO

My name is Melvin Borton and I live at Wauseon, Ohio, which is approximately 35 miles west of Toledo. I am appearing before the Rural Area Development Council as a farmer today to relate to you conditions as I see them in rural Ohio. I would like to touch on about four things today. (1) Where are we? (2) How did we get here? (3) How it affects me. (4) How do we change?

WHERE ARE WE?

We are presently in the midst of a rural or agriculture revolution. Who wins this fight will determine not only the future of Agriculture, but the future of this great country. Agriculture seems to be at war with large conglomerates, efficiency experts, and even the government. Let me relate how we are at war with each of these—the large conglomerates with their almost totally integrated plans where they own the farms, the seed and fertilizer, petroleum, equipment and processing companies, where they can control the product from the time it's planted (in the case of feed grains, fruits and vegetables, and meat from the time of birth and even before that) on through the growing, harvesting or slaughtering, processing, packaging and in some cases even retailing the food or related product. The only thing they lack control of is the consumer and when they have control of Agriculture, then they will also have control over the consumer and that will be 100% or total integration.

The large conglomerate corporation has many tax advantages that the family farmer does not or cannot fully utilize in such fields as capital gains where the family farmer has neither the legal know-how nor the long term capital available as does the conglomerate. If efficiency was the only thing we were talking about the family farmer could win this battle, but it's not. The conglomerates can operate their farms at a break-even or even worse, a loss, for a much longer period of time than the family farmer. The young farmer paying for a farm and equipment has to make payments and interest on a regular schedule. The only way he can do otherwise is to live on his equity a couple of years and that soon has to come to a halt at which time the conglomerate wins, the farmer, consumer and country loses. We are at war with the efficiency experts for they are constantly telling us of ways to produce more when we are already in an exaggerated state of over-production, and with almost all advice, there is a cost, the cost of new and larger equipment, the cost of high interest rates on their capital which produces an even larger debt, or even the cost of a new improved seed to help create even greater surpluses. For too long a time the experts have been telling us how to be more efficient which is all good in its place, but everyone knows sometimes the cure can be worse than the sickness. The efficiency experts have been giving us the cure for so long that now our cure is worse than the sickness we started with—now we have to have a cure for the cure.

It almost seems we are at war with the government because they refuse to give us a decent farm program to work with, one that doesn't create new surpluses that later can be used as a tool to further reduce prices on our products. They also want us to sell at world prices so we can export more. This is fine except who wants to export more at lower prices, if we lose money in the process? Some times we farmers think it's not us the government has in mind when they ask us to export more at lower prices but the priority is on the balance of gold payments—maybe we should check to see who subsidizes who.

There are many things that make it hard for a farmer to make a living today—(1) an antiquated pricing system (2) lack of long term capital (3) high interest rates (4) high property taxes and an assortment of others.

HOW DID WE GET HERE?

We got here by putting the priority on the wrong things. For too long a time now we have put all the stress on production, nothing in relation to supply-management or what the needs of the country are. We are too busy constantly looking for new ways to grow more for less, to beat the impossible game. Farmers, consumers and even the government have been complacent for many many years. The farmer even at the start should have realized the trap he was making for himself but in his effort to get ahead he only slipped further behind. You have all heard the slogan THE HURRIEDER I GO THE BEHINDER I GET—this is the story of today's farmer.

HOW DID THIS EFFECT ME?

As a farmer I find myself effected in the same ways as the people I have been telling you about, my neighbors my friends. I started in farming in the late 40's with an FHA loan, but even this was hard to get and not nearly adequate to do the job like it should have. But as I look back I see it was easier to make a living and a fair return on my investment with a small operation in the late 40's and early 50's with a farming operation of only 125 acres, 17 milk cows and 10 brood sows than it is today or yesterday farming 750 acres and with a large poultry operation.

Even as early as 1953 the cost squeeze began to develop at which time I, like many of my neighbors, started going to the factory in the winter time and some of us all year round to supplement our farm wages because we realized this was the only way we would ever get enough capital to move ahead like we had all planned. By the late 50's many rural shops geared themselves to much slower production thus forcing many of us farmers back on to the farm full time, at which time we expected to meet the ever growing demands of farming and making a living. I was sold a bill of goods along with many of my neighbors and friends. The particular project I was sold on was poultry laying flocks. I put up a 16000 bird laying house but because of inadequate local financing was forced to go to a large feed company for financing and credit. At the end of the first 14 months, I had lost better than $16,000 besides my interest and depreciation.

At this point, again because of lack of long term credit, a take-over by the large feed company seemed unavoidable. Only through a process of some diligent

scheming and conniving on my part was I even able to continue, even with a large feed company. I had to allow them to get their hooks further into me before I could get a chance to get out. To help cure my laying flock ills, I became involved in a contract and profit sharing program with the same feed company and others. The first year turkeys, I had approximately 5,000 birds at which point I received 25¢ a bird plus 10¢ a bird share of the profit. Our friends in the large companies encouraged me to go further—I then increased my flock to 25,000 on the same basis but at the end of this contract year, received only my 25¢ contract price per bird. Again the next year in the effort to be more efficient, I doubled the size of my flock, making a total of better than 50,000 birds. This time the return was at a lower figure—20¢ a bird, again with no profit being made. Efficiency had not helped. At this level I would only return my costs, so I quickly divorced myself from all turkey finishing operations. Meanwhile, along with the turkey operation I had increased the laying flock to 18,000 and created a health problem for myself that I would have to live with for many years to come, also created a future that no man wishes—I had literally forced my sons out of agriculture with the kind of farming operation it took to make a living.

But again, I listened to the efficiency experts as did most of my friends and neighbors and expanded my farming operation to 750 acres. The return per unit on my investment was not as large as it was at 360 acres. One thing for sure, I had put on myself a debt load that would not be easy for any man to repay. My wife went to work in town as many and most other farmers wives. Today we are faced with the dilemma of a high debt load, high interest rates, almost unbearable property taxes and still an inadequate pricing system. You may ask why do we keep on farming. I really don't know. What else is there to do? The cities with their already over-crowded population is surely not the answer and now I ask

HOW DO WE CHANGE?

We change by putting the priority where we should have placed it many years ago—on pricing our products at a place where we can get cost plus a fair return on our investment and labor. To do this we will need a bargaining program with supply-management factor built in. We will also have to replace our antiquated taxing structure. We will have to tax people on their income or ability to pay. Also we must have a system of long range capital financing, especially for young farmers with low interest rates. While we're at it, we must not forget other rural people—we must have a plan, a policy, for adequate rural housing whereby our young people will not be forced to leave the country because of inadequate housing. We have been traveling too long without a map or plan. It's time we made ourselves a map and learn how to read it and follow a course of action that will be beneficial for all America.

(NOTE.—Statements received too late to be included in the record on S. 1612 (Part I) are as follows:)

SALEM, OREG., *June 8, 1971.*

Hon. MARK O. HATFIELD,
Senate Office Building,
Washington, D.C.

DEAR MARK: I would like to share my concern with you about the "Rural Community Development Revenue Sharing Act of 1971," as amended. I am aware of the very serious fiscal problems that you are confronted with at the present time. However, I would appreciate it if you would give serious consideration to some of the very real problems that would be created in our state if this proposal should become law.

I understand that the Cooperative Extension Service of Oregon State University will be changed substantially. One of the proposals of the bill is that Extension be limited to working in areas where there are less than 100 people per square mile; and, or are outside of standard metropolitan statistical areas. Washington County is part of the standard metropolitan statistical area of Portland and as such would be one of the areas from which Extension would be excluded. In my judgment, the Extension Service has a great deal to offer both the rural and urban communities. I have observed first hand the impact of the Extension programs on youngsters, especially through 4-H programs which are now tailored for both the farm and city youngster.

Also, one of the provisions of the proposal would eliminate the franking privilege for County Extension programs. This would have serious effect on our county mailings on informational material, spray notices, etc.

There are many other ramifications connected with the national administration's revenue sharing plans which I know you are aware of. I do know that you must set priorities and I leave it to your good judgment to make these decisions, but I would appreciate it if you would keep the work of the Extension Service in mind as you proceed with your work.

Thank you for your consideration in this important matter.

Sincerely,

TOM HARTUNG,
Oregon State Senate.

FORT COLLINS, COLO., *August 13, 1971.*

Senator HUBERT H. HUMPHREY,
Chairman, Senate Subcommittee on Rural Development, U.S. Senate Office Building, Washington, D.C.

DEAR SENATOR HUMPHREY: As President of Colorado State University, I am, of course, deeply interested in the responsibilities of the Senate Subcommittee on Rural Development which you chair in reviewing S. 1612, the 1971 Rural Development Act.

There are several features in the Bill as now before you that are of concern to those of us within the land-grant system. These concerns relate to the Cooperative Extension Service. Some of them are:

(1) There needs to be added a provision in the Bill for mutual consent in program development between the land-grant university and the Secretary of Agriculture.

(2) There should be a provision for growth.

(3) As the Bill is now written, the ability of Cooperative Extension personnel to use penalty mail for official business would be terminated, and expenses of regular mail service would be forced upon either the state or the individual counties. This should be corrected.

(4) The proposed Bill would require the States to pay retirement and fringe benefit costs of Extension federal appointees. These costs are now borne by the Department of Agriculture through appropriation to the department; this current practice should be continued.

(5) Under the proposed Bill, Extension would lose its present ability to purchase supplies and equipment through GSA sources at greatly reduced rates and apparently would lose its current authority to acquire excess personal property which has provided a great saving in many states. Again, current practice should be continued.

In spite of assurances by the Department of Agriculture that the intent is to see the Extension Service assume a more significant role and to receive additional funds, the Bill seems to lack definitive guidelines and, therefore, could permit too wide a range of choices in future programs for funding and administration.

Personally, I am of the opinion that the Extension Services must do better in adapting their programs to meet higher priority needs of our society. I believe these options are available to us under the current operating procedures, but greater effort to change faster will have to be made. Certainly, there is more built-in opportunity for local citizen advisory inputs in guiding programs under the program as currently operated than would be the case if Extension should be included in S. 1612 as it is now written.

A point of considerable concern is, of course, a strong possibility under S. 1612 that Extension could be placed in a position such that the protection of the Extension Service against political manipulation would be jeopardized. As an educator, I would express to you my most serious concern if any legislation would permit a branch of this University to be subject to becoming a political whipping boy.

In view of the lack of clarity in the Bill, because of the fact that Extension now illustrates effectively many of the basic philosophies of revenue sharing and because of the potential the current legislation poses for political domination of Extension, I ask that you give serious attention to the possibility of outright exclusion of the Extension Service from the legislation. It would seem that the statements of the administration would be met if Extension were excluded. If for some reason, the Congress feels that Extension should be retained in the legislation, a series of amendments would most certainly be required to clarify the intent.

Your serious consideration of these concerns will be deeply appreciated.

Sincerely yours,

A. R. CHAMBERLAIN,
President, Colorado State University.

STATEMENT OF DR. C. BRICE RATCHFORD, PRESIDENT, UNIVERSITY OF MISSOURI, COLUMBIA, MO.

The University of Missouri and many loyal recipients and supporters of Extension are concerned about the proposed Rural Community Development Revenue Sharing Act of 1971 and the effect such legislation, as presently set forth in Senate Bill 1612, would have on the future of Extension endeavors.

Concerns that have emerged include the following:

1. There is no provision for growth. Although growth is not prohibited, the legislation would not entitle Extension to share in increases at the federal level for Rural Community Development.

2. Although the federal retirement of those currently holding federal appointment is protected in the law, there is a question regarding the status of federal employees in terms of their fringe benefits if the state should elect not to contribute to the federal retirement program.

3. The loss of penalty mail privileges would reduce total programs by requiring states to provide for this cost. A similar reduction in programs would occur if states are required to pay retirement and fringe benefit costs now paid by the federal government.

4. There is no provision in the bill for "mutual consent" between the State Cooperative Extension Service and the Secretary of Agriculture. This could give the Secretary unilateral authority to direct program priorities.

5. There is no national support indicated from the Extension Service-USDA to the states. Although this may have been an inadvertent omission, some recognition of this relationship would seem to be in order.

6. The reference to maintaining programs of the size and type conducted in 1971 is not a definite statement and could be interpreted in a variety of ways.

7. In those cases where Extension is occupying space in federal buildings, would this arrangement be permitted under the new legislation.

Extension as presently programed or funded under the provision of the Smith-Lever Act meets the guidelines and principles proposed under the Rural Community Development Revenue Sharing Act of 1971. Programs are planned and developed with the local people. County, state, and federal governments share in funding. Cooperative Extension Services are administered by designated Land-Grant Universities that have the unique requisite of highly qualified professional staff to perform teaching, research, and public service functions.

STATEMENT OF DR. MARY NELL GREENWOOD, UNIVERSITY WIDE EXTENSION, UNIVERSITY OF MISSOURI, COLUMBIA, MO.

EXPANDED EDUCATIONAL EFFORTS

During the past decade, Extension Home Economists have intensified their efforts to reach and effectively engage disadvantaged families in educational efforts. This outreach and impact with the disadvantaged was sharply expanded during 1969. The Missouri Cooperative Extension Service received an initial six month allocation in January, 1969 in the amount of $259,000 from Section 32 funds for an Expanded Food and Nutrition Program. For the 1969–70 fiscal year, Missouri's share of the 30 million dollar Smith-Lever earmarked allocation was $746,000. For the current fiscal year, Missouri received $1,266,483 of the 50 million dollar federal appropriation. No additional funds are anticipated for the 71–72 fiscal year.

PROGRAM PURPOSE

Problems of the "hard core poor" are multiple, complex and interrelated. While the Expanded Food and Nutrition Program focuses upon food and nutrition, its impact extends beyond foods. Other things happen, too!

Families will change their aspirations, their attitudes, their practices. Change and progress seem slow, but changes are additive. One success leads to other trys!

Basically, the goal of the Expanded Food and Nutrition Program is to help low income families improve the quality and adequacy of their diets. More specifically, this program is designed to help them acquire knowledge and experience to:

Select and buy food to extend food dollars.
Plan and prepare nutritious meals.
Improve food care and sanitation practices.
Recognize the importance of nutrition to health.
Manage family resources and use community services.

Use the family food assistance e.g., food stamp and commodity food to provide more adequate diets.

This program utilizes "education teams" which are comprised of Extension Home Economists and para-professionals (nutrition education assistants in Missouri) recruited from the target population in the communities to be served. These education assistants receive orientation and on-the-job training as well as supervision from professional extension personnel. The education assistants, then, involve and work with the low income families in either individual or group learning experiences.

Recognizing the tremendous impact of diet on mental, as well as physical development of youth and adults, Missouri's prime efforts have been directed toward low income families with children in the home. The average size of participating families in the Delta is 6.4 persons while the state average is 5.3.

These "education teams" are currentlyworking with low income families in 59 Missouri counties and the City of St. Louis. (See Attachment 1 for geographic area served by the program).

PROGRAM OUTREACH

At the end of April, 1971 the nutrition education assistants were working on a continuous basis with 9,696 low income families. Adults and youth in these participating, or "program", families exceeded 50,000. Of these 9,696 families, fifty seven (57) per cent were participating in family food assistance programs, namely donated foods or food stamp.

In addition to the 9,696 program families, or those involved on a continous basis, another 8,256 families were reached with less intensified assistance such as acquainting them with the program or assisting with specific problems. Thus, more than 18,000 low income families were reached in April.

An increasingly important element in the Expanded Food and Nutrition Program is involving and influencing young people from disadvantaged families. During April, more than 8,400 young people from disadvantaged families were involved in nutrition education programs. The total number of different young people participating in the program since July 1, 1970 exceeds 18,000. In this same time span, more than 2,000 adults have contributed their time and energy to volunteer endeavors supporting this educational program. Increasing attention is being directed to the recruitment and training of volunteers in order to increase the outreach and impact of the program.

A noteworthy component in the youth program dimension is the "Little Green Thumbers". Little Green Thumbers are young people from seven years to middle teens who make a garden plot. This approach was conceived and piloted in the Ozark Foothills region. In that region, more than 2,000 youth will be involved this summer. The idea has been transferred to other non metropolitan areas.

In addition to involving adults and youth in educational programs, another outgrowth of this program has been meaningful employment for 200 nutrition education assistants; most of whom were previously unemployed. For these persons, the program has meant rewarding employment, development of acceptable work habits, acquisition of new life styles and aspiration for and pursuit of educational endeavors.

SUMMARY

The Expanded Food and Nutrition Program focuses on a high priority concern to society and a segment of the population in need of educational services. Among the changes to date are improved dietary patterns, improved use of family food assistance programs, improved home environment and more effective use of community facilities and services. It must be recognized that establishing rapport with the hard-to-reach is difficult; gaining adaptation of new practices is slow; hope, faith, and abilities of the poor depend upon continuing involvements, services and programs. Efforts to date indicate a viable, meaningful educational program in which progress is being made. The work has only begun. Thousands of additional families deperately need this help. Thus, the University of Missouri Extension urges the continuation and expansion of this program with disadvantaged families.

LOCATIONS OF FOOD AND NUTRITION PROGRAM

STATEMENT OF DR. DANIEL H. KRUGER, PROFESSOR OF LABOR & INDUSTRIAL RELATIONS, MICHIGAN STATE UNIVERSITY, EAST LANSING, MICH.

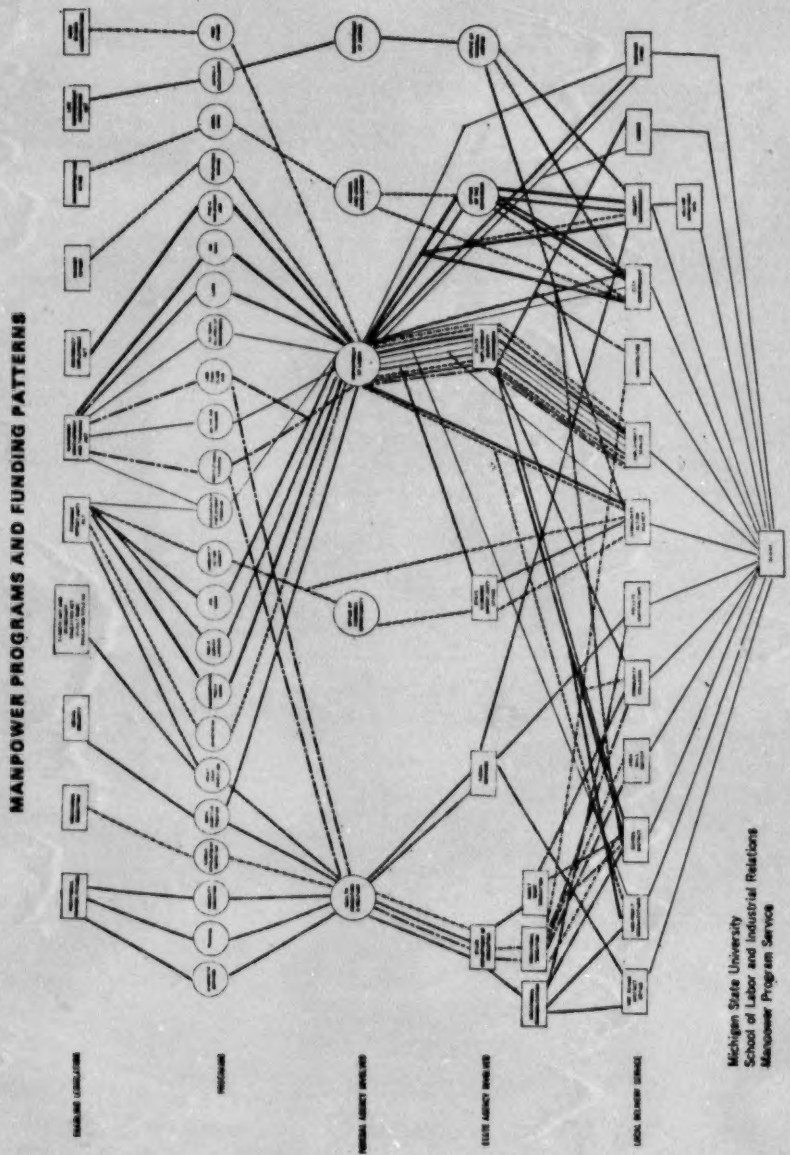
The need for manpower programs in rural areas is related to the growth of the job economy. The job has become the most important economic activity in the lives of most Americans. Ninety percent of the labor force are employees. Farm employment has steadily declined in the last forty years. Rural residents are for the most part employees. They, like their counterparts in the urban areas, need jobs. Since the evolution of the job economy, preparing for a job, training for a job, seeking a job, obtaining a job, keeping a job—are indeed important matters for the bulk of the population. The job economy puts the emphasis on all aspects of the job.

With a job economy, the nation has become more aware of the need for manpower policies. Manpower policies serve as the bridge between economic and social policies. Manpower policies and programs contribute to a more effective functioning of the labor market. For example, the Public Employment Service is concerned with bringing together the worker and the job more expeditiously. Skill training is designed to improve the employability of the worker so that he can compete more realistically in the labor market. Basic Adult Education, likewise, improves employability. The recently enacted Emergency Employment Act of 1971 added an aspect to the manpower policies, namely transitional public employment.

Manpower policies can be viewed as being composed of three components. One component deals with those policies related to human resource development, such as education and training. Another component comprises those policies dealing with the maintenance of human resources. This includes health, safety, and conditions of employment. The third component of manpower policies deals with utilization of human resources. Examples would be the public employment service, the job bank, and public service employment. All three components in a sense have a central focus—namely to facilitate the effective functioning of the labor market.

What is the labor market? The labor market is a descriptive term. It is the mechanism for allocating manpower resources. Like other markets, it has buyers and sellers of labor services. The labor market is significantly affected by the level of economic activity. Wage levels, employer hiring requirements, worker expectations, worker skills or lack of skills, foreign competition, civil service rules and regulations, among other things, affect the transactions which take place within the labor market. The labor market is likewise, affected by the quality and quantity of labor market and job market information available to both job seekers and employers. The labor market, in a real sense, is a mirror of the socio-economic problems of the nation, e.g., high welfare rolls, an unemployment rate of six percent, lack of saleable skills on part of a large number of workers, poor housing and lack of housing where jobs are located, poor health which impedes a proportion of the worker from competing realistically for jobs, poor public transportation which makes it difficult for workers to get to and from jobs, and the lack of readily available job opportunities especially in rural areas. The forces affecting the labor market are indeed varied and ever changing.

The Federal Manpower Programs are designed as we have noted, to improve the functioning of the labor market. These programs, as indicated in the chart entitled, "Manpower Programs and Funding Patterns", involve a complex set of governmental relations. It is essential that program administrators understand the structure of these relationships.


MANPOWER PROGRAMS AND FUNDING PATTERNS
Michigan State University
School of Labor and Industrial Relations
Manpower Program Service

The Federally financed manpower programs are implemented through a complex net work of the governmental relations. Currently, there are at least seven sets of governmental relationships which are involved in the implementation of manpower programs. Each of these relationships has its own set of peculiar characteristics. These relationships include:

1 Relationships between the Federal agencies

The principal federal agencies involved in manpower training programs are the Department of Labor, Department of Health, Education, and Welfare, and the Office of Economic Opportunity. These agencies have had to develop a working relationship in the planning and funding of the manpower training programs. Each has its own bureaucracy, its objectives and its own survival needs.

2 Relationships between the Federal Government and State agencies

The implementation of the federally supported manpower program involved both federal departments and state agencies. For example, the Federal State System of Public Employment Offices established under the Wagner-Peyser Act of 1933 is financed 100 percent by the Federal Government, but operated by State employment security agencies. The Manpower Development and Training Act is jointly administered by the Department of Labor and the Department of Health, Education and Welfare at the Federal level and jointly implemented at the State level by the State Employment Security agency and the State Vocational Education agency.

3 Federal-State-local relationships

The Institutional Training provisions of the Manpower Development and Training Act involved the Department of Health, Education and Welfare providing the guidelines and the funds to the State Vocational Education Agency which in turn funds local school districts to conduct specific programs under the Act.

4. Federal-local relationships

In some Manpower programs, the U.S. Department of Labor finances the program directly through local sponsors. An example would be the On-the-job Training contracts between the Department of Labor and local Urban League affiliates, or between the United States Department of Labor and Chrysler Corporation. Under Model Cities and community action programs the Department of Housing and Urban Development and the Office of Economic Opportunity respectively, make direct grants to local sponsors.

5. State agencies relationships

At the State level, there are a number of State agencies involved in Manpower Training programs. These include the State Employment Service, the State Vocational Education Agency, the Vocational Rehabilitation Agency, the Social Welfare Agency and the State Office of Economic Opportunity. In most states, these agencies are a part of the State CAMPS (Cooperative Area Manpower Planning System) Organization. Under CAMPS, each of these state agencies has had to develop a set of relationships with one another. In some states, this was a painful exercise; in others, the state agencies have cooperated with each other in developing and implementing Manpower Training programs. These state agencies have their own bureaucracy, policies and procedures, reporting functions to mention a few, which impede effective cooperation.

6. State-local relationships

Both State agencies and Local Governmental units are involved in Manpower Training efforts. For example, the State Employment Service has local offices across the state. In some of the major metropolitan areas, the Mayors have become more interested in manpower. In these instances, the State Employment Service and Mayors are attempting to work together in manpower training activities. Still another example of State-local relationships is the relationship between the State Education agencies and the local school district. As previously noted, the local school district implements the institutional training programs under the Manpower Development and Training Act. Another set of the State-local relationships involve the State Department of Welfare and the county welfare agencies. This relationship will be enlarged significantly if a Family Assistance Program is enacted by the Congress.

7. Local governmental relationships

In any given community there are a number of governmental agencies and non-profit groups involved in manpower. These would include the local office of the State Employment Service, local or county Welfare Office, local school district, Model Cities, community action agency and Urban League, just to mention a few. All of these agencies are involved in the implementation of the manpower programs at the local level; all have their own identity to maintain.

These seven sets of inter-governmental relations underscore the complexities involved in the planning, developing and executing manpower programs and delivery manpower services. Under such relationships mounting an effective national manpower effort is an herculean task, fraught with frustrations and disappointments. It takes real administrative skills to manage a program within this framework. Moreover, there must be a will among agencies "to cooperate".

The chart also shows the enabling legislation and the programs emanating from this legislation. It also shows the funding arrangements between the Federal, State and local agencies. Most significantly, it shows the multiplicity of agencies at the local level which deliver manpower services to the client. With so many agencies delivering certain manpower services, it is no wonder that the client is confused and bewildered. After all, the end objective of these manpower programs is to serve the client so that his employability will be improved. Under the Emergency Employment Act of 1971, the end objective is to provide a transitional public service job.

These programs are designed to serve the nation and thus, brings to the fore the special kinds of manpower problems confronting rural America.

Rural areas of America have not received its share of available resources. Rural manpower problems do not get the attention or the headlines which the cities do. The Federal Manpower Programs are urban oriented. Moreover, Manpower Program Administrators for the most part, are urban oriented. They are under pressure to serve minorities residing within urban areas. One reason why rural America does not receive its share of manpower resources may be attributed to Cost-benefit Analysis Congress and Program Administrators want the most for the dollar. Distance and population make it more difficult to deliver effectively manpower services in rural areas. There are no hard data available, but one could probably say that it costs more to provide manpower services in rural areas than in urban areas. This is indeed an area for further research.

There is another aspect to manpower problems in rural areas. There is inadequate labor market and job market information. Data though imperfect, are available for urban areas. It is ironical to note that the nation does a better job of mapping timber resources and mineral deposits than it does in charting and analyzing its manpower resources in rural areas.

Earlier it was noted that Rural America has low visibility in public affairs. Moreover, rural areas do not have the political clout they formerly possessed. With one man—one vote, the composition of Congress and the State legislatures has changed to reflect urban and suburban interests. The Governors in the last two decades generally have not shown much interest in manpower problems, either in the rural or urban areas. With declining populations in rural areas, there is now no effective spokesman for Rural America.

PRESCRIPTION FOR IMPROVEMENT

The manpower problems in rural areas demand attention. One obvious prescription for improvement is for Congress and the Program Administrator to make more funds available for rural areas. Moreover, within the existing funding levels more funds should be made available but this will take pressure from rural America. In addition, to funding, there are other areas which could be improved which would result in more effective manpower services being delivered to rural areas. Some possible areas for improvement are discussed below:

1. Better Functioning of the Labor Market

A. There is need for intensive labor market information such as characteristics of the labor force, wage rates, unemployment, employment, employment skill levels. This information should be collected on functional labor market basis and not some artificial area, e.g., county. People tend to ignore county lines when seeking employment. Each of the 5,100 communities across the nation which are in the 2,500–50,000 population category has an independent economic character.

B. The need for extensive labor market information

The rural labor market cannot be viewed in isolation from the urban labor market or what has been called growth center. With vast improvements in the nation's highway system, the rural areas are suppliers of labor to the urban center. There is, therefore, need to study commuting patterns and to learn the relationship between wage rates and distance travelled or time spent in travel. Increasingly, there is a dichotomy between place of work and place of residence. The expansion of the functional labor market makes it mandatory that information on job openings in the urban center be made available on a regular basis to the labor force in rural areas.

C. The job bank

The Job Bank is the mechanism for providing information on job openings to residents of the rural areas. This is particularly true when the Job Bank operates on a statewide basis. Even when the Job Bank covers the metropolitan area, arrangements should be made to disseminate job openings in nearly rural areas.

D. Outreach centers in rural areas

Experience has proven that outreach offices in the inner city have been successful. Residents in the neighborhood have easy access to outreach offices. Moreover, the state agency has gained goodwill by locating such offices in strategic locations in the inner city. Demonstration projects should be carried out, whereby, outreach offices would be established in rural areas to provide job information.

One possibility which needs to be explored is to locate the outreach office in the local post offices which are located everywhere. The post office is an important institution in rural America. In many post offices, there is already information available on federal civil service jobs. The Job Information Center (J.I.C.) could be built on this small beginning. The Manpower Administration, U.S. Department of Labor and the U.S. Post Office should develop sites for an E and D project. A short orientation program on job information would be conducted for the postmasters of these offices.

E. Use of mass media

The weekly county newspaper, radio and TV stations should also be a disseminator of local job market information. Of course, radio and television have been used in the past. Most recently, TV Stations had live programs calling attention to job prospects. Both radio and television are under pressure from the F.C.C. to provide time for public service. Consequently, they should be contacted for time to announce area job information. The smaller stations may need assistance preparing such programs.

F. Methods of obtaining labor market information

Collecting labor market information is expense. The State employment security agencies usually collect data on a standard statistical metropolitan area. Little or no attention is given to other areas of the state. One possibility which should be explored is to solicit the assistance of the Power Company Operating in a given area. The electric company is a public utility. Moreover, almost all houses now have electricity. A questionnaire could be developed and mailed with the electric bill. Radio stations should be contacted to have spot announcements for the residents in the area to complete and return the form when payment of the bill is made. This may be one way to obtain data quickly and cheaply.

2. Job creation

It is an understatement to say that Rural America needs jobs. There are, however, Federal programs which can contribute towards the creation of jobs. The Emergency Employment Act passed in 1971 does provide funds for a limited number of new jobs in the public service. The Public Works and Economic Development Act of 1965 as amended provides project grants and direct loans to assist in the construction of public facilities needed to initiate and encourage long term economic growth in designated geographical areas. Federal funds are available to expand health services in rural areas.

In addition to Federal funds, the private sector is also creating jobs. This is particularly true in areas where recreational activities are available, e.g., ski, snowmobile, fishing, boating.

Jobs outside of metropolitan areas have expanded in recent years in the manufacture of consumer goods, e.g., food processing, furniture, but also in electrical and non-electrical machinery. Moreover, plants are moving out of central cities

into the suburbs and beyond. In many instances, these plants are located adjacent to the interstate highway which as noted has expanded the geographical labor market area.

The U.S. Department of Agriculture in 1970 released a report prepared by the Fantus Company entitled, "How Much Can We Influence the Growth of Industry in Rural Areas". The Report calls attention to desirability of locating plants in rural areas on a planned basis.

Another aspect of job creation in the rural areas is employment in public service. All levels of government have a presence in Rural America; towns, cities, county, road commission, school districts, state agencies or state facilities, e.g., hospitals and the Federal Government. There is need to examine the kinds of public employment available in Rural America.

3. Job Development and Restructuring of Jobs

Closely related to the creation of new jobs is job development within existing firms and restructuring of existing jobs in order to increase the productivity of professional staff. At the same time, restructuring of jobs permits the utilization of paraprofessionals and workers with less skills. Increasingly, paraprofessionals are being used in education, health care and social work. Through restructuring of jobs, additional employment opportunities are created. Much more research is needed to pinpoint other types of jobs which could be restructured.

Rural Manpower Specialists will need some exposure to job engineering in order to show employers the advantages of job restructuring.

4. The Changing Job of the Rural Manpower Specialist

What is a Rural Manpower Specialist? What are his duties and responsibilities? In view of the many new challenges and demands being made upon the rural manpower specialist, there is a critical need to redefine his job description. He is no longer a contractor of farm labor whose sole function was to solicit job orders from growers and fill them from labor pools inside and outside the state. He is now a community builder or developer, concerned with the entire rural community. He must be concerned with the young worker, the school dropout, the elderly as well as the older worker and the impoverished farm worker. The Rural Manpower Specialist must not only have an awareness but a deep understanding of:

1. Agencies involved in the field of manpower and their relationship to his community, e.g., vocational rehabilitation, welfare, food stamps, availability of health care.
2. Local labor market data, i.e., the characteristics of the labor force, both on the supply and demand side, the changing nature of the rural labor force and ways of responding to these changes.
3. Structure of the local school system, community colleges, and skill centers in his area and the programs of institutions of higher education located in his state.
4. He must have information on nearby growth centers and where job opportunities are available or may arise for the labor force in his area. He needs to know the existing or potential commuting patterns of his labor force, and at what wage rates people are willing to commute.
5. He must have knowledge of federal programs which have possibilities for rural economic development and job training. He must develop the conceptual skills in order to establish linkages between programs.
6. He must possess grantsman skills or have access to such skills so that proposals can be prepared to obtain money to meet the needs of the community group.
7. Finally, the Rural Manpower Specialist must become a forceful advocator of rural America. The changing composition of the state legislature, the number of public officials and program administrators who are urban oriented and the federal emphasis on the problems of the city, to cite a few, have muted the voice of Rural America.

The Rural Manpower Specialist has the unique opportunity to provide economic opportunity for Rural America which has been denied to him for more than three decades.

5. There is need for a strong rural coalition which will push vigorously for improving both the quantity and quality of manpower services in rural America. Such a coalition of interested groups who will work together is needed. A coalition will enable all participating groups to work together without blurring the identity

of the groups. Operation Hitchhike is a small but important step in the formulation of such a coalition. The coalition between the Rural Manpower Service, U.S. Department of Labor and the Cooperative Extension Service is designed to accomplish a common objective. Each maintains their separate identity. Together they seek to facilitate the employment process to the end objective that manpower resources in rural areas are developed and utilized more effectively and efficiently. There is, however, a critical need to expand the coalition to include other groups such as the Vocational Rehabilitation Agency, Welfare Department, the schools and community colleges, employers and unions. With such groups, a coalition for Rural America can be established to serve the needs of the "people left behind". Such a coalition can assist in the development of a commitment to serving the needs of Rural America.

Such a Coalition for Rural America should have as its top priority to turn around to change the Federal and State policies which perhaps unintentionally discriminate against Rural America. The consequences of such policies has been:

1. to deny economic opportunity to Rural America
2. to deny equality of opportunity to Rural America
3. to deny equity of access of services to Rural America
4. to force manpower resources to flow to the major cities of the nation

The Coalition for Rural America which has its beginning in Operation Hitchhike is an important start to save Rural America by arresting and retarding the forced flow of labor to the cities and to provide equality of opportunity.

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